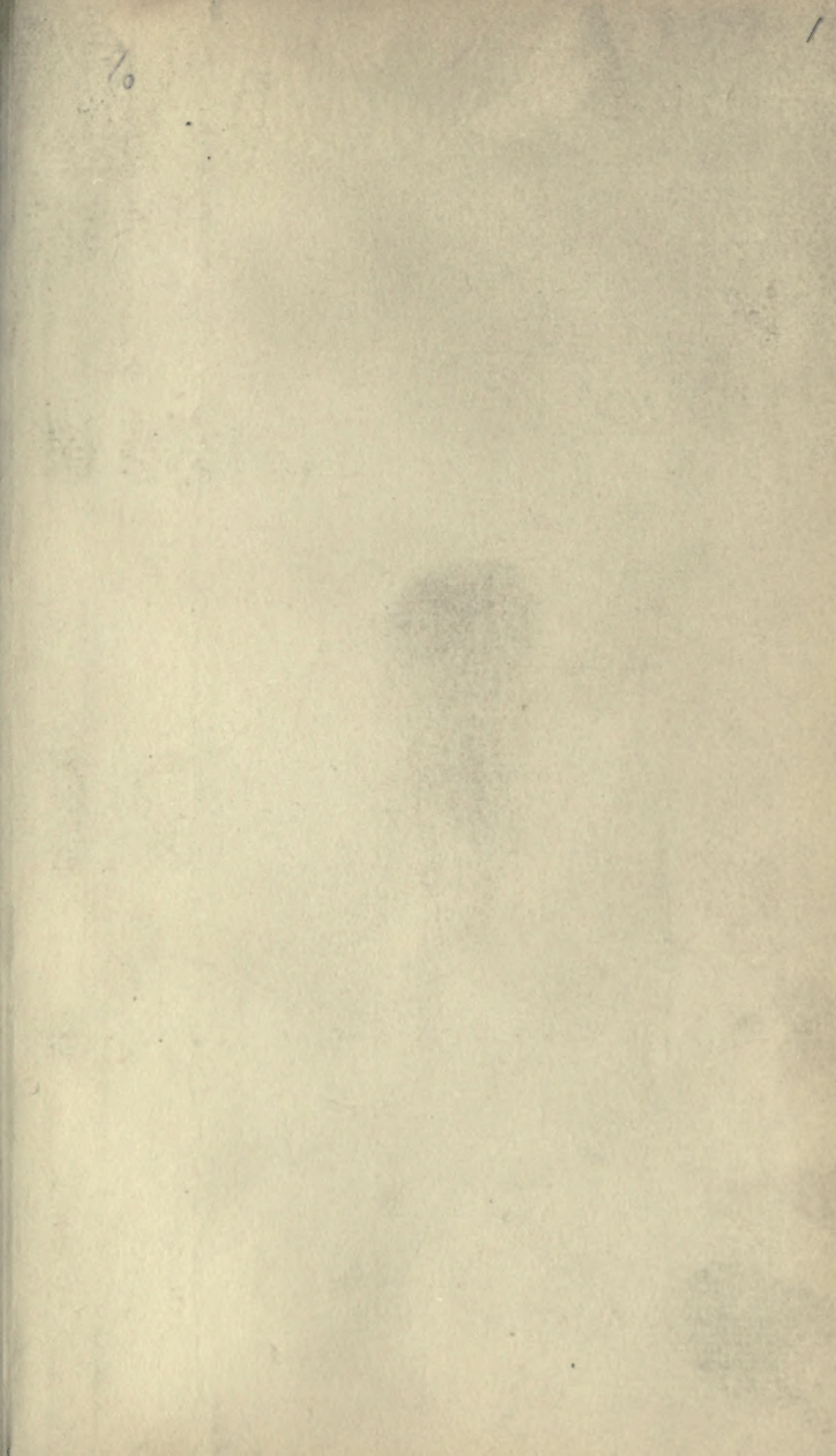


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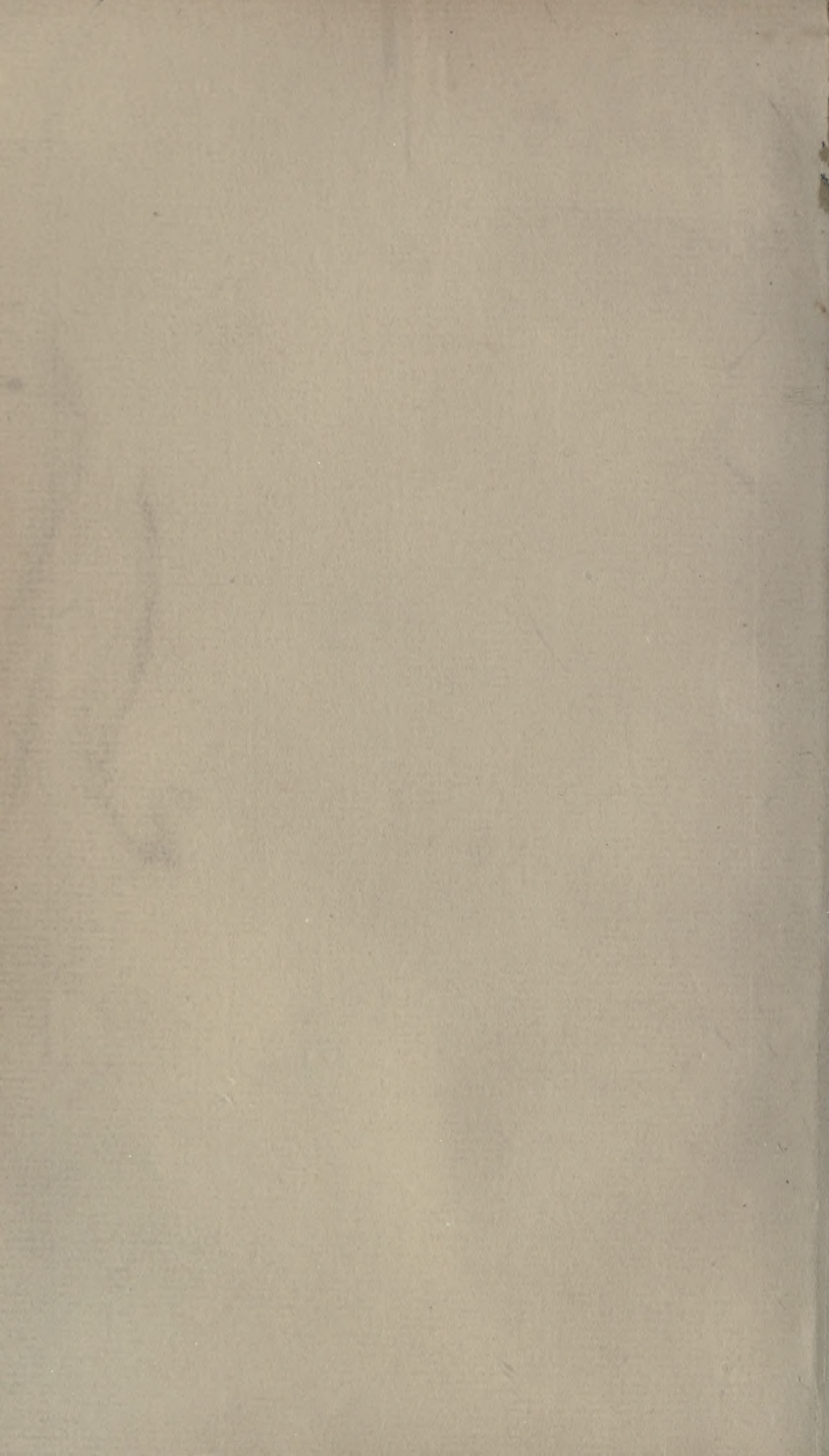


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REPORT

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ON

Alexander H. H. H.
CERTAIN ECONOMIC QUESTIONS
IN THE ENGLISH AND DUTCH
COLONIES IN THE ORIENT.

BY

JEREMIAH W. JENKS,
SPECIAL COMMISSIONER.

BUREAU OF INSULAR AFFAIRS,
WAR DEPARTMENT,
September, 1902.

WASHINGTON:
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LETTER OF TRANSMITTAL

To the Honorable the SECRETARY OF WAR.

SIR: In accordance with instructions in my appointment of August 7, 1901, as Special Commissioner of the War Department, I have the honor to submit the following report.

In doing so it is a great pleasure to call to your attention the interest everywhere shown in the work of the United States for its dependencies, and to express my keen sense of obligation for the many courtesies shown me in connection with the investigation. As soon as my mission was made known, business and professional men, and especially Government officials, gave freely their time and the benefit of their invaluable experience, besides furnishing liberally literature, reports, and often special Government facilities to aid the work. Without such cordial assistance the report would necessarily have been much less complete.

Very respectfully,

JEREMIAH W. JENKS,
Special Commissioner.

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Chapter I.

INTRODUCTION.

In accordance with instructions, reports have been made in the succeeding pages on the systems of currency, labor, internal taxation, and police of Burma, the Straits Settlements and Federated Malay States, and Java. In order to carry out fully the spirit of the instructions it has been found advisable to refer also at times to other British and Dutch dependencies, such as Ceylon and Sumatra. A brief special chapter on the conditions in Egypt has been added.

In making a summary statement on a question so broad as that of the work of a country as seen in various colonies wherein the conditions must of necessity differ, it must be understood that the statement can not be complete. In the nature of the case, from the mere fact of its incompleteness, it must fail to do justice to many conditions in parts of the colonies under consideration.

The sources of information drawn upon are, in part, books and official reports upon the dependencies; mainly, the opinions of officials administering the government, both European and native, and the opinions of European and native residents and citizens of the colonies under consideration. Besides this something has been gathered from direct personal observation.

To make clear the significance of the experience of these colonies in its bearing upon the settlement of problems presented in the Philippine Islands, a brief statement must be made regarding the forms of governments in the dependencies reported on, the attitude of the European governments toward the native inhabitants, and the measures taken by the home governments to further the interests of the natives by securing for them justice, reasonable taxation, education, and other benefits of a similar nature.

FORMS OF GOVERNMENT.

In both the English and Dutch colonies we find, first, direct government carried on by the European sovereign power, through its own officials, European and native; and second, a large number of protected States in which the government is carried on by native rulers, who act in important matters largely under the advice of European residents. These two forms of government should be carefully distinguished, for while the purposes of the home government may be in both cases substantially the same, the reasons which have led to the adoption of the policies are entirely different, the methods employed are diverse, and the results, although similar, are also in most cases materially different.

PURPOSES OF THE HOME GOVERNMENTS.

(A) POSITIONS.

The statement is often made by people whose sympathies are against the holding of Eastern colonies by European or Western peoples, that

these colonies are held largely, if not chiefly, because they furnish places at high salaries for sons and friends of persons of influence in the home countries. It is strongly intimated that were it not for this selfish reason so great interest in the colonies would not be shown.

Doubtless many people appreciate the advantages of government service even in the Orient, and it is doubtless also true that many of these positions pay excellent salaries. But to consider this fact a prominent motive in connection with the colonial policy as a whole of the countries under consideration is, when one considers the character of the civil servants, the burdensome nature in many cases of the service, and the difficulties of the problems involved, together with the success attained, little less than ridiculous.

(1) *Character of officials.*—One ought not to overlook the high character and the efficiency, generally speaking, of the European officials, both English and Dutch, whom one meets in positions of influence. In both countries the civil service provides men of ample training, and for those in the higher positions, not merely men of experience in the lines of work which they are called upon to do, but also those who through competition have won their way, so that one finds, with only rare exceptions, men of unusual ability as administrators.

Of chief importance, perhaps, is the fact that, from the natives as well as from the administrators themselves, one learns that the Europeans have established among the natives, who, generally in most countries of the Orient, are themselves disposed to be corrupt and untruthful, a reputation for rigid honesty as regards all financial matters, and for truthfulness and justness in their dealings with others. Justice is done by the Europeans even against the personal interests of their own fellow-countrymen if need be, or against themselves in the settlement of disputes between Europeans and natives or among the natives. It is practically universally true throughout the English and Dutch colonies alike that if a native has a good case in which he wishes justice done, whether the case be civil or criminal, he will prefer the European judge.

When one realizes that the chief obstacle among oriental peoples to the establishment of self-government is not a lack of intelligence, but rather a lack of trustworthiness and truthfulness, qualities upon which all successful organization in both business and politics must rest, the deep significance of such facts must not be overlooked.

(2) *Pay of officials.*—In order to secure officials of this high class and to make them willing to spend the best years of their lives in what seems to many of them exile from home, good salaries must of course be paid and ought to be paid. Lord Cromer has well said in connection with the English administration of Egypt, "If you want honesty and uprightness you must pay for it," and this principle is one that is recognized by the countries that have been most successful in colonial administration. Good salaries and liberal allowances for expenses of entertainments and otherwise are the rule. There can be no doubt that the high salaries paid to the English and Dutch colonial officials in the best positions have been saved to the colonies many times over by the efficiency and honesty of their administration as compared with the poor service which low salaries would inevitably have brought.

(B) THE GOOD OF THE NATIVES.

Both the English and the Dutch affirm that they are governing their colonies for the good of the colonies themselves, and that the benefit which is to come to the home country must be attained indirectly through the added prestige of the home country from the control of its colonies, as well as through the added wealth which may be secured indirectly through the increased development of trade. It is probable that the experience of all their colonial rulers would justify the statement that whenever a man urges that the colony be governed in the interests of the home country or of the home people, he is likely to mean that he wishes to have the government of the dependency further the interests of some individual Englishman or Dutchman, or of some special corporation in which he is interested. The desire of individuals of the home country to increase their own wealth at the expense of the dependency concerned is one of the chief dangers which governments of dependencies have to guard against, because unless care is taken to prevent the exploitation of the natives by Europeans, not merely is injustice done, but there is likely to be loss both of prestige and of success in government for both home government and colony.

In the earlier part of the nineteenth century, it is true, Holland, through its "culture" system, derived from Java large financial returns; and there can be little doubt that the financial return was the chief matter considered. At present, however, as appears fully from the following report, this "culture" system has been largely set aside. There is now little reason to charge that Holland is not keeping fully in mind the interests of the Javanese in her government of Java.

Doubtless Netherlands India and the oriental countries under the administration of Great Britain are indirectly a source of great power to the countries concerned; but it is not untrue to say that both countries keep distinctly and continuously in mind the welfare of the natives themselves. Whether they are adopting the wisest means for developing the self-governing capacity of the natives is an entirely different question.

MEASURES EMPLOYED.

(a) In dependencies of both countries the governments aim first to protect the various tribes or nations against one another. Before the domination of the European power became established, there were continual tribal wars which prevented industrial development, and which, from the point of view of Europeans, resulted in a condition of injustice and of intolerable cruelty and oppression. It was not uncommon for a dominating tribe to levy tribute upon another and to enforce its collection by arms. All these practices have been stopped under the influence of both the nations under consideration, and it can fairly be said at the present time that with rare exceptions internal peace has been thoroughly and permanently established, and that it will be kept with substantially no cost to the peoples themselves beyond that required for ordinary police work.

(b) Of equal importance, perhaps, has been the protection of the common people against their native rulers. In most of these countries the rulers, whether Hindu or Mohammedan, whether in British India or

in Netherlands India, were absolute despots, recognized as owning the land and owning their people, with the power to demand from any of their subjects either their property or their service or their wives and daughters, at the ruler's will. In many of the countries debt slavery existed, and where such slavery was not formally recognized, informal conditions not less oppressive were found. These conditions also have practically all been changed. Even in the native states where the chiefs are still the nominal rulers, they have been led or compelled, as the case may be, to administer their laws with some regard to the general welfare, to levy their taxes with some reference to the ability of the peasant to pay, and to decide cases brought before them with some regard for honesty and justice. Doubtless much remains still in both countries, particularly in some of the native states, to be accomplished, but that in many cases European safety and justice has been attained, and that in all cases a European standard has been set, toward which the countries are gradually moving, is beyond question.

(c) Of perhaps greater importance still as regards the influence of the European governments over the native peoples is the protection that has been granted to natives against Europeans and foreign Orientals, especially the Chinese. Although there may be at times an intimation that European judges or a European government is prejudiced in favor of Europeans, generally speaking, even the natives believe that the Europeans are honest and sincere in protecting them against the encroachments of more powerful and shrewder white men or Chinese; and the care taken in the laws, as shown in the following report, to protect the natives in the retention and use of their lands and in their labor shows that the purpose and the effects have been beneficent.

TRAINING FOR SELF-GOVERNMENT.

So far as one can observe, it is the aim of both English and Dutch officials rather to give to the natives in their respective dependencies good government than to train them for self-government. In this respect, however, there is doubtless a difference between English and Dutch colonies, as well as between the different English colonies. There can also be no question that the English policy has varied more or less in India under different governors-general.

(A) EDUCATION IN INDIA.

So far as education tends to train for self-government, the English have in many places and in certain ways done something. One finds scattered pretty generally throughout India elementary schools for training in the vernacular. There are also some secondary schools, and, as is well known, there are several universities in which the natives study and receive degrees. Aside from the advantages offered in India, many individuals of the higher classes go to England for their training, and in not a few instances these men receive later fairly important appointments in government service. Training in these schools, however, is not compulsory, neither is it ordinarily free, although the tuition in the elementary schools is, of course, very low. Speaking generally, only a very small percentage of the population take advantage of these means of education. Strachey says the proportion is "almost infinitesimally small."

The feeling seems to be quite general among English officials in

India that the education of the natives has been, in its method at any rate, often mistaken. Young men receive considerable book learning; they become ambitious for high positions in the government; they feel that the country which has enabled them to secure an education, and which controls their country to a considerable extent, owes them a living, and in most cases they are not fit for difficult work of an administrative type. Some officials say that educating the natives is a mistake; it simply tends to make them dissatisfied with their lot. The more thoughtful and, generally speaking, the more experienced officials are rather of the opinion that education has not been along the best lines, but that it can be made very useful and practical. They think that in the lower grades it should be industrial in its nature, and that special efforts should be made to make the people feel that labor, even manual labor, is not disgraceful but is creditable and beneficial. It may, however, well be queried whether, in a country where there is so much personal service as in India, and where practically all white men, however hard they may work, do almost no physical labor, but exact the most detailed personal service, physical labor is ever likely to be looked upon with favor by any who have had a higher education, and who feel in themselves a desire for a position above that of the ordinary coolie.

So far as one is able to judge from necessarily slight observation, it seems that more is being done under Lord Cromer's administration in Egypt to give the natives a desire for real industry than is the case anywhere in India, or in other British dependencies in the Orient.

There is, however, beyond doubt, in India and elsewhere, a genuine desire to give to the princes of the ruling houses in the native states an education that shall fit them, as well as is possible, for the positions which they are about to occupy. This is perhaps best reached, in the minds of the ruling powers, by having such children sent to Europe, or by keeping them under English tutors in India or under the immediate influence of English officials.

While those who attend the higher schools learn English, there is practically no effort made to extend a knowledge of English among the people. On the other hand, English officials are everywhere required to learn the vernacular, and careful effort is made to fit the government as closely as may be to the forms to which the people are accustomed.

(B) EDUCATION IN JAVA.

During a considerable part of the time of the Dutch occupation of Java the government has looked somewhat askance at training the general population. At present there is reason to believe that the attitude is somewhat different. Of late years there has been a considerable extension of elementary schools for the natives, and there can be no doubt that those in charge of that branch of the government would welcome a further extension of primary education. There is, however, no compulsory education. Generally speaking, education is not free, and a very small percentage of the children actually attend schools.

There are special schools for the training of sons of chiefs and for those who are likely to have an active part in the government. These schools are adapted particularly for training in the direction of the future life work. There are also normal schools preparing teachers

for elementary work. There is also a feeling here, as in the English colonies, that active efforts should be made toward industrial education, and aside from the schools the government, through its government plantations, its botanical gardens, and so on, is trying to give to the people some little training in methods of agriculture.

The children of the well-to-do, who can pay the higher fees, may go into the higher schools, even at times into those where the children of the Dutch are trained. In this way they may learn Dutch. The time has been when learning the Dutch language was discouraged, if not even forbidden. At present there seems to be no objection to the children of the princes and of other influential natives learning Dutch, and in individual cases it is rather encouraged. The training of the natives, however, is chiefly in the vernacular.

On the whole it can fairly be said that the Dutch are moving forward in the direction of popular education, although not very much has yet been accomplished; and it can not be said that the education in Java is given with any intention of fitting the people for self-government.

In the English dependencies, with the possible exception of Egypt, the same observation would probably be true. There are, however, individual cases to be found among those who are taking an active part in ruling British India of men who are looking ahead to a kind of training that will give the natives a greater degree of self-reliance, of trustworthiness, and good judgment which may eventually lead toward self-government.

(C) PRACTICE IN LOCAL SELF-GOVERNMENT.

1. *The villages.*—As has already been said, it has been customary for both the English and the Dutch to keep to the old institutions as far as possible. This is especially true in village government. In some cases in both India and Java this amounts to permitting the villagers to elect their village headmen and some other village officers, although, generally speaking, these positions are rather hereditary. In all cases such choice must be approved by the dominating power. Under the governor-generalship of Lord Ripon (1880-1884) an effort was made to give the people in India a considerable degree of self-government. Local boards representing the different localities in a district were made largely elective and were to have considerable to say in the way of controlling their own local affairs.

Generally speaking, however, the result of this experiment has not been considered successful. In probably three cases out of four the British officials, collectors and others who have had direct experience in connection with the system, declare it unqualifiedly a failure. The native representatives, provided they come at all without special pressure, ordinarily come to the meetings without any definite plans, and they wait for the English presiding officer to make suggestions to them as to what should be done. They are then likely to respond affirmatively, "As the sahib wishes," and the work is done. In some cases they do a good deal of talking, but they are likely to be very impractical.

Here and there an English official is found who thinks that the plan is a good one, and that it is actually having some good results in the way of training toward self-government. Practically no English official thinks that the natives are yet ready for local self-government in

any important matters without the immediate guidance of an Englishman and without also the retention by the central government of the power of setting aside in cases of emergency the acts of the local government. In most cases, as has been intimated, English officials declare that the experiment toward local self-government has been a failure, and that it would have been better if it had not yet been attempted. They say that possibly after a long time, when the people have become much more habituated to the English way of looking at things, have become more trustworthy, and have acquired a practical conception of what justice in the European sense means, they may be trusted with self-government, but certainly not at present. It is interesting to note that some of the more hopeful ones are among those of long experience and influential position.

2. *The municipalities.*—In a good many of the larger municipalities also there has been granted a considerable degree of self-government, although in practically all cases the English, directly or indirectly, have the controlling voice. Even in the larger cities it has been found that the native members either lack initiative, or, what is possibly more common and more dangerous, are open to corruption. This is the opinion not merely of the English but also of not a few of the more intelligent of the natives. Many of the more hopeful and more intelligent of the natives, however, favor encouraging the habit of self-government in local and municipal affairs, as far as possible, under English control, with the hope and belief that within a comparatively short time, much sooner than the English think, local self-government can readily be trusted to the natives. With scarcely an important exception, however, natives as well as English are of the opinion that India has not yet reached the stage of self-government by natives, even in local affairs.

COMPARISON WITH THE PHILIPPINES.

Nowhere in either the English or the Dutch or the French colonies in the Orient is as much conceded in the way of self-government as has already been granted freely to the native Filipinos. In all of these countries also the belief is strong that, inasmuch as the native way of ruling has always been that of a despotism, one needs to go still more slowly in the way of granting self-government than would have been the case had the people themselves ever been accustomed to anything different.

THE NATIVE STATES.

In what has been said heretofore reference has been made particularly to those dependencies which are under direct British or Dutch rule. In very many cases in India and in two cases in Java, as well as several others in other parts of Netherlands India, there exist so-called native States, while perhaps the most striking and successful examples of such States are to be found in the Federated Malay States.

REASONS FOR NAMING RESIDENTS.

In one of the native States of India, Baroda, possibly elsewhere, a slight beginning has been made in the direction of local self-government, but the native rulers feel as skeptical as do the English about

any sudden or early success of any attempt toward self-government; and in legal form practically all of the native States in all the dependencies remain under absolute despots.

They are nominally ruled solely by native rulers and in the main through native officials who act under the advice of a British or Dutch resident. This form of government has been brought about in all cases through similar reasons. In the first place, the European governments have found these rulers in possession, and doubtless a sense of justice has been influential in permitting them to retain their former titles, emoluments, and honors. Furthermore, by recognizing them they have sometimes been able to avoid long and expensive wars, and they have gained their aim of controlling the people and bringing about a good form of government much more easily and peacefully than by war, although in many cases by a much longer process. Many a minor despotic ruler, though recognizing his inferiority in arms, would still fight desperately and make his conquest a very expensive matter if coercion were attempted. If he is assured that his personal income will in no way be lessened, but in fact will be made somewhat more secure; that he may retain all his insignia of office; that the laws will all be passed in his name and nominally by himself, provided that he will yield to the dominating power the control of all international affairs and will receive at his court a resident to whom he will give full information regarding governmental matters and whose advice he will agree to follow, he will readily see the wisdom of keeping the peace under these conditions, disagreeable as some of them may be.

CHARACTER AND METHODS OF RESIDENTS.

The resident placed at the court of one of these native princes should, of course, be a man of tact and of good judgment, who will become in reality a personal friend of the ruler and will obtrude his advice as little as possible on unimportant matters. He will so suggest in chance conversation and on other suitable occasions all important actions that the ruler will in many cases fancy that he is himself in reality taking the initiative. In time such a resident will practically dictate all laws of importance, and eventually will even find it easy practically to prepare the laws in full and submit them to the ruler for his approval. A resident must, of course, be a man of decision and strength of character, who in times of emergency will not hesitate to exercise the power which he actually possesses, but he should avoid, as far as is possible, making the position of the ruler an unpleasant one.

ADVANTAGES AND DISADVANTAGES.

From the point of view of the European the acceptance of a European resident by a native prince is a wise act beneficent to the common people. There can be no doubt whatever that in nine cases out of ten the presence of the resident has been a great boon to them. Through his influence they have escaped oppression and can secure justice.

On the other hand, with possibly one or two striking exceptions, affairs in these native States move much more slowly than in the provinces under immediate English or Dutch supervision. What can be

done at once in the one case must be a matter of talk and compromise and patience in the other. Nevertheless, for the sake of a peaceful rather than a bloody conquest, as well as for the sake of avoiding injustice in matters which concern the welfare of the people, it has doubtless in many cases been worth while to adopt the slower method of control and progress through influence over the native ruler.

With probably not a single exception, however, all of the local rulers, residents, etc., both English and Dutch, would say that it is unwise to encourage the formation or continuance of the native States more than is necessary, though in many cases it is the wisest plan to retain the native States already in existence. They form a sort of safety valve for native feeling, and in some cases a kind of warning example. In the course of time, comparatively short as historical time goes, the substance of power and control passes from the native into the hands of the protecting State peacefully but certainly, to the benefit of all persons concerned, even to that of the native ruler himself. Eventually the native rule may sometimes be abolished without difficulty.

RELATIONS OF HOME GOVERNMENT TO DEPENDENCY.

It is natural for those possessing actual governing power to desire to retain it. It is equally as natural for those administering a government and in constant struggle with its problems to desire a free hand in doing their work. Everywhere among English and Dutch colonial officials one sees the difficulties of the problems arising from time to time in dealing with native peoples, and one knows the added burdens imposed upon the local administrators by being compelled to act under rigid regulations laid down by the home government. Doubtless general regulations on broad lines are in most cases desirable and even essential, but at times the English Government, and doubtless still more often the Dutch Government, gives instructions so minute that they can not be followed without doing substantial injustice to the natives or failing to give the best results to the government. Regulations made at a distance halfway around the globe, however well informed the home government may have endeavored to make itself, are likely to be ill-adapted to the conditions in the dependency. It is a common remark, in a tone of helpless resignation, that one would be glad to do such and such a thing which would beyond question be wise and for the benefit of the native peoples as well as for the government, but that the regulations of the home government do not permit; or that such and such a change in the policy would be extremely desirable and has in fact often been recommended, but that the home government, so far removed, takes, relatively speaking, little interest in the matter and that it is extremely difficult to get a regulation changed. Possibly the chief obstacle to improvement in matters concerning the dependencies comes from the inactivity or from the ill-informed activity of the home governments. The very remarkable success of Lord Cromer's government in Egypt, on the one hand, and of the Federated Malay States on the other, it is thought, has been due, to a very great extent, to the fact that these two governments have been left peculiarly free from interference by the home government, and because they have been fortunate in having the men in charge trusted by the home government, and in consequence allowed to do what seemed to them, under the circumstances, best.

Chapter II.

CURRENCY SYSTEMS.

INDIA.

Suspension of silver coinage.—June 26, 1893, the government of India passed an act withdrawing the power of individuals to claim free coinage of silver, reserving to the government the right to coin rupees. On the same day notifications were issued arranging for the receipt at the mints (extended in 1897 also to the reserve treasuries) of gold coin or bullion in exchange for government rupees, and of sovereigns and half sovereigns at the treasuries in payment of sums due to the government, and also for the issue of currency notes in exchange for gold, the rate adopted in each case being 15 rupees to the sovereign, or 16 pence to the rupee.

The chief reason for this act of the government of India was the apparent necessity of checking in some way the falling rate of exchange of silver as compared with gold. During the preceding year (1893-94) the amount which the government had to remit to England in discharge of its gold obligations was £16,532,215, which, at the average rate of exchange in that year, viz. 1s. 2.985d., required the payment of Rx. 8,700,000 more than if the exchange had been at the rate of 1873-74.

If it had appeared that the rate of exchange would not fall still lower, the government would have preferred to meet its obligations by some increase in taxation, with certain restrictions and reductions of expenditures. Owing, however, to the fact that the International Monetary Conference at Brussels, for the consideration of measures for the increased use of silver for currency, had come to no conclusion, and that it seemed probable that the purchasing clauses of the Sherman law of the United States would be soon repealed, with the effect of lowering still more the value of silver, the government felt compelled to stop the free coinage of silver, and to take measures to prevent the further fall in exchange between India and England, and gradually to put the Indian currency on a gold basis.

It would be needless repetition of well-known arguments and opinions to give in detail the points brought out fully in the report of the Indian Currency Commission of 1893, commonly known as Lord Herschell's committee, and in that of Sir Henry Fowler's committee, which reported, in 1899, on the effects of the closing of the mints, with further recommendations for placing India on a gold standard.^a

^a Report of the commission appointed to inquire into the Indian currency, commonly known as the Herschell report on the coinage of silver in India, with the accompanying correspondence and testimony, reprinted under resolution of Congress. Washington, Government Printing Office, 1893. Report of the committee appointed to inquire into the Indian currency, together with minutes of evidence, etc., London, Eyre and Spottiswood, 1898-99.

Subsequent acts toward the adoption of the gold standard.—A brief summary of the subsequent governmental measures, together with the results of these actions, as gathered from certain late reports and especially from interviews with English governmental officials and leading bankers and business men interested in commerce in India, may be of service.

It has long been customary for the government of India to effect its gold settlements in England, to a considerable extent, by the sale in London of council bills on the Indian treasury to those who had remittances to make to India. The rate at which these bills could be sold fixed substantially, of course, the rate of exchange for silver. In anticipation of the act suspending the free coinage of silver, the rate of exchange ran up from $14\frac{2}{3}\frac{3}{4}$ d. on the 21st of June, 1893, to 16d., the rate which the Government wished to establish, on the 27th, but it fell again immediately. The Secretary of State for India, having refused to sell bills at a lower rate than $15\frac{3}{4}\frac{1}{2}$ d., there were few sales between the 6th of July, 1893, and the 24th of January, 1894, while imports of all kinds into India in settlement of balances due increased very largely. After the repeal of the purchasing clauses of the Sherman Act, which tended to lessen still more the value of silver, the Secretary of State gave way and sold bills at whatever rate he could obtain. In May the rate had fallen to $12\frac{2}{3}\frac{5}{8}$ d., and on the 23d of January, 1895, stood at the lowest point reached, $12\frac{1}{3}\frac{3}{4}$ d.

During 1895, 1896, and 1897, with the demands of increasing business and no increase in coinage, the rates of exchange gradually rose, until at length, in 1897, the rate of 16d. was reached. From that time to the present the rate has remained at that point, with slight changes due entirely to commercial reasons.

In 1897, owing especially to objections coming from the government of India, proposals of the Wolcott commission from the United States, which involved the reopening of the Indian mints to silver, were rejected.

January 21, 1898, in pursuance of the policy to establish a gold standard for India, a second act was passed authorizing the issue of currency notes on the security of gold held by the Secretary of State in England.

On March 3 the government of India proposed further measures for hastening the effective establishment of a gold standard, and soon after Sir Henry Fowler's committee was appointed to consider them.

July 7, 1899, the committee reported unanimously in favor of a gold standard, and all but three recommended that the rate of 16 pence to the rupee be adopted.

July 25 the Secretary of State sent a dispatch directing that the mints be kept closed to the unrestricted coinage of silver and that steps be taken for making the sovereign a legal tender and a current coin, and for the coinage of gold, the rate of 16d. to the rupee being maintained.

September 15 an act was passed making sovereigns and half sovereigns legal tender, at 15 rupees to the sovereign.

During the years 1894 to 1899, inclusive, no rupees were coined for the government of India, although during the years 1897-98 and 1898-99 some rupees were coined for the native states in India. During the year 1899-1900 the scarcity of rupees began to be felt strongly, and 867,812 rupees were coined. In 1900 the demand for rupees became

stronger than ever before, so that on the 5th of March the government, after purchasing in India all the silver that it could obtain there for coinage, was obliged to telegraph to the Secretary of State in London to buy and send out more silver.

On the 29th of June an act was passed enabling currency notes to be issued against silver bullion, as well as against gold coin or bullion, when held by the Secretary of State, or when in transmission to India for coinage into rupees.

In the year 1900-1901, 11,424,477 rupees were coined, more than ever before in the same length of time. The profits on this coinage have been paid into the gold reserve fund.

While there is no strong demand for gold for circulation in India, the government seems to have succeeded in establishing a gold basis for the currency and in maintaining, without serious difficulty, a fixed rate of exchange.

Economic effects of the change.—Perhaps no act of government in late years has furnished occasion for keener criticism or for greater differences of opinion regarding its effects than this act of the Indian government in closing its mints to silver. The discussion has dwelt, on the one side, mainly on the success of the government in finally establishing and maintaining its rate of 1 shilling and 4 pence for the value of the rupee. On the other hand, it has been claimed that the checked decrease and later the increase in the value of the rupee have brought great hardships upon the people of India. It is clear that any satisfactory discussion of the change in the system must consider the effects upon several of the leading classes in the community, and that some effort must be made to determine the relative importance of these classes. It is certainly possible that the act may have been a benefit to some and an injury to others. The social effects of this change in the distribution of wealth must be clearly seen before one can give any opinion upon the wisdom of the government's action. The classes which perhaps need to be kept most clearly in mind are, first, the bankers; second, the exporting and importing merchants; third, the producers of goods of various classes; fourth, the consumers of goods of various kinds; and, fifth, government officials and others working on fixed salaries.

Bankers.—According to the opinions of both business men and bankers in India, the fixing of the rate of exchange has lessened the opportunity of the bankers for gain from their exchange business. Owing to the fact that their attention was given especially to the subject, they had, generally speaking, the opportunity of securing an advantage from the fluctuating rate of exchange, although at times they lost. The business of the banker is now much less exciting, possibly less interesting, and, so far as the exchange business goes, probably somewhat less profitable, than it was before the rate was fixed.

It seems to be generally conceded, however, and was emphatically asserted by several business men, that as the gains of the bankers from exchange business have lessened since the rate of exchange has been fixed, they have been bringing more money into India for regular banking business, suitable loans, etc. Business men think that in consequence the banks are doing more for the development of the real interests of the country than they did when the exchange business was more profitable and they kept a large part of their capital at home.

Exporters.—The exporters also have lost part of the profit which came from the falling rate of exchange. But, on the other hand, according to the testimony of some, this loss is not so great as it appears to be. While it is true that when goods are sold at gold prices a falling rate of exchange gives for the same price in sterling a larger number of rupees in India than was the case under the higher rate, there is felt, as a counteracting force, the hesitancy of the London buyers in the face of a falling rate of exchange. If they think that exchange is going to continue to fall, they are likely to postpone buying as long as possible and to make small purchases from time to time in order to get for themselves the benefit of the falling rate. Some of the business men of Calcutta stated that they had felt in their own business this hesitancy on the part of London buyers to a very great extent, and they were of the opinion that this influence was enough, in the long run, to offset fully the advantages gained from the falling rate. When the rate is fixed, people buy in much larger quantities and much more readily.

Producers.—The tea planters, however, and the cotton manufacturers pretty generally feel that they have lost seriously by the increased rate of exchange. A large number of business men not connected with the tea industry, and one or two who are prominently connected with it—for example, Mr. Mitchell, of Colombo—are of the opinion that the gain to the tea planters from the falling rate of exchange led to very coarse picking and also to a too rapid extension of the area of tea planting. The consequence has been an overproduction, which has led to the price falling so low that there has been really a crisis in the tea industry. Without the artificial value given to the rupee by the closing of the mints the falling prices would not have been felt so severely or so soon, but in the long run, they think, the overproduction might well have been worse. The hard times of the last two or three years, thus brought about by this overproduction, which came, in part, from the falling rate of exchange, has now led to much more careful plucking, with the consequent improvement in the quality, and has perhaps prevented the tea industry from what might have been almost a complete collapse, had the speculative overproduction continued much longer. Mr. Mitchell was of the opinion that if this overproduction could have been avoided it would have been much better for the country to remain on the silver basis, but, considering that element, which is a real one, and which, in his judgment, was largely brought about by the fall in exchange, it is perhaps as well for the tea industry, in the long run, that this speculative stimulus was withdrawn.

Agricultural classes.—The bulk of the population in India is agricultural, and the matter of prime importance for consideration is the way in which the fixing of the rate of exchange has affected the agricultural classes. These need to be considered in two separate groups: First, the agricultural landlords who have large numbers of laborers working under them; and, second, the small cultivators who cultivate and sell their own produce. These two groups have also to be divided into (1) producers of grain for export, especially wheat, and (2) producers of produce consumed in the country itself.

So far as the large producer is concerned, who employs labor, there can be no doubt that the check in the fall of exchange, if he has been a producer of export goods, has been a source of loss. While exchange was falling he received very generally an increasing number

of rupees for produce, whereas he paid to his laborers ordinarily, for a time at least, the same number of rupees as before, though there were some variations. (See Appendixes III and IV.)

There can be no doubt at all that the rate of exchange did affect continually, and almost instantaneously, the prices of many export products. These products are bought throughout India, offers being sent to subagents by telegraph from purchasing centers, and fluctuations in the rate of exchange were taken account of at once in making these offers. On the other hand, goods produced for consumption inland do not have their value affected immediately, if at all, by the change in the rate of exchange, inasmuch as they are sold and paid for with reference to silver alone. The fluctuations in their prices are mainly due, of course, to local causes.

The same principles hold true with reference to the small agriculturist, who produces with practically no hired labor and who sells his own produce. So far as he produced wheat or other goods whose prices for export were fixed by the London market, and so far as he was on lines of railway or near enough to lines of communication so that his goods were really affected by the world's market, he shared in the gain in rupee prices which came from the falling rate of exchange. The purchasing middleman probably took part of this profit, but the competition for these export products was sharp enough, in most sections of the country, so that the producer received part of the benefit. So far as the small agriculturist was a producer of millet or sesame, or other material not exported, the shifting rate of exchange affected him as a producer comparatively little, if at all.

The consumer.—So far the question has been considered from the point of view only of production. The matter assumes a somewhat different aspect when considered from the standpoint of consumption. A large proportion of the landlords who produce wheat or other goods for export employ laborers whose food for consumption is largely millet, jawar, gram, or some other grain whose price is not so affected. In consequence the employer has gained by the falling rate of exchange; but it can not be said that the laborer has lost a corresponding amount, even though his wages in rupees have remained the same. So far as he has consumed export grain he, of course, has lost, unless his wages have advanced in proportion to the price of the grain. So far as the small producer consumes export grain which he himself produces, he gains in rupees from what he sells, and the loss which comes from his consuming dearer goods, while in one sense a real one, is probably not much appreciated by him. If he both produces and consumes goods not affected by the world's markets, he is, so far, neither a gainer nor a loser by the shifting rate of exchange, even though the prices may vary under local conditions.

So far as he is a consumer of imported goods or goods regularly exported, he naturally is the loser by the falling rate of exchange, inasmuch as it will take more rupees to pay for those goods than it would before.

In the case of the great mass of the poor cultivators, their consumption is made up only to a very small extent of imported goods. They, in consequence, may gain considerably more than they would lose by the falling rate of exchange. On the other hand, Europeans, whose consumption is largely made up of imported goods but whose income may be determined by entirely different considerations—as, for example,

salaried officials—must stand a countervailing loss. This fact has doubtless had much to do with the agitation in favor of checking the fall.

Government officials.—There can be little doubt that a prominent influence leading to the closing of the mints to the free coinage of silver was the fact that the Government officials and others on fixed salaries suffered very greatly from the falling value of the rupee. They were receiving a certain fixed number of rupees per month. Very many of them remitted a large proportion of their salaries to England for the support of their families, the education of their children, the payment of life insurance premiums, and for investment for their own needs in the future. As the value of silver fell, they were receiving continually less and less in sterling. Moreover, so far as they were consuming export goods, they found that the prices of export goods went up, to the decided advantage, in some cases, of the local producers, but the cost of living for the officials was proportionately increased, and they suffered accordingly. So far as they were consumers of imported goods, they found the tendency was for the value of these goods to increase in terms of silver, so that in all directions they were the losers. The fact that very many of them had a direct personal interest in checking the fall of the value of the rupee in addition to their official interest in lessening the burden on the Indian treasury naturally led them to be more active in bringing their influence to bear toward the stoppage of the coinage of silver.

The effects of the increase in the value of the rupee has, of course, contrarywise, been all in their favor. Not merely have their remittances to England increased in value, but likewise the relative fall in the price of goods, both of those exported from India and those imported, has been in their favor. Probably no other class in the community can be said to have profited so directly and to have had so few counteracting evil effects to offset the good effects that have come to them. The question of compensation in the way of increase of salaries, etc., lies outside our field of discussion.

Scarcity of currency.—An evil which all classes in the community felt—more particularly, perhaps, buyers of produce, and merchants—came from the scarcity of rupees, brought about by the stoppage of the coinage and the deliberate checking of the supply of rupees in order to raise their value. This dearth of rupees at seasons of the year when crops were to be moved has beyond doubt proved a noteworthy source of embarrassment to business for some years. Each season money has become so scarce that the rate of interest, instead of remaining normal at some 4 or 5 per cent, rises to 8 or 9 per cent, or even above that. This evil has been in part checked during the last year or two by the increase in the coinage permitted by the Government. But the evil is one that is still felt at these special times and one not so likely to come with free coinage. Some additional measures should be taken to prevent this evil.

The tax burden.—From one point of view, it would seem as if practically every cultivator, large or small, as well as all other taxpayers, must have lost by the increasing value of the rupee; and this loss was doubtless contemplated by the government of India when it proposed to fix the rate of exchange. The taxes are regularly levied in rupees and must be paid in rupees. If, therefore, the value of the rupee increases as compared with gold, and especially as compared with products, it is certain, other things equal, to become more difficult

to get the requisite number of rupees to pay the taxes. In order for the Indian government to get money enough to meet its obligations in gold, it was necessary either to stop the fall in the value of the rupee, so that the same number of rupees would pay sterling obligations as before, or to raise the taxes, so as to get more rupees. It seemed, on the whole, as a matter of practical politics, easier to adopt the first method. As a matter of fact, for some years after the stoppage of the free coinage of silver in 1893 the rupee continued to fall, and then it was gradually, by scarcity, forced back up to the value of 1 shilling and 4 pence contemplated by the Indian government. This forcing up of the value of the rupee, other things equal, was beyond any doubt a kind of indirect tax upon the people of India, and primarily upon the agricultural classes, as they are the ones who pay the great bulk of the taxes. This fact is one that is very generally recognized, even by those who favor the government's policy as a matter of political necessity. Very many of the ablest business men and some of the high government officials do not hesitate to say that the act of the Indian government in stopping coinage to raise the value of the rupee was practically one of indirect taxation. Some few of those who keep in mind the fact that the government's intention was not to increase the value of the rupee, but to prevent its further fall, say that, instead of speaking of the act as an additional indirect tax levied upon the cultivator, it would be more accurate to say that the act was one which prevented the cultivator from escaping, through the falling rate of exchange, the burden of the tax as it was first levied, which it was proper and just for him to pay.

To sum the matter up from this point of view, we may, perhaps, say that, although the salaried classes and some others gained, and although the government of India was practically forced by political considerations to adopt the policy which would check the fall in the rate of exchange, and although from that point of view the policy has been entirely successful and justified, it did deprive large classes in the community from keeping profits which they were temporarily getting from the falling rate of exchange, and so far as it increased the value of the rupee, as it did during a period of two or three years, it placed an added burden upon great numbers of the people. Those who have suffered most are those who were engaged in the production of goods intended for export. But indirectly it probably placed something of a burden even upon those whose goods were not produced for export, inasmuch as, other things equal, the tendency would be for them to secure the rupee required for taxation only with a greater expenditure of energy than would otherwise have been the case.

Everyone of the class under discussion must get his income either from the exchange of some products that he raises or from his own personal exertions. While wages, as we have already seen, are, speaking generally, very stable in India, especially outside the great cities, the fall in the rupee value of products intended for export would naturally bring considerable pressure to bear toward the lowering of wages. We may be certain that, even if money wages were not directly lowered, somewhat greater care would be taken to restrict the laborer in the use of land or in securing other perquisites, or at any rate there would be no increase in his wages. Appendixes III and IV show that either from the fall in exchange or from some other

reason there was a rise in average wages in many places about the middle of the nineties. While in certain cases, with the late increase in the rate of exchange, there has been a fall in wages, in other cases the other influences have more than counterbalanced, and there has been an actual rise.

It is also probably true, in the long run, that when people are dealing with the poorer classes in a community the dealer has something of an advantage. In consequence, if the wholesale prices of goods have a tendency to rise, he is likely to be able to increase his prices on most articles. Of course, if the articles are such as matches or well-known brands of goods put up in special packages, which sell for a round sum, like 1 anna or 5 annas, it may not be possible for him to change his prices. Ordinarily speaking, however, the dealer does not meet with loss from an increase in the wholesale price of the goods which he is selling, excepting as the price becomes high enough to check the amount consumed. On the other hand, when wholesale prices are falling he is not likely to lower his price to the consumer so promptly when his price as purchaser falls. In the course of time, naturally, competition among dealers will bring about a fall in the selling price, but for the time being the dealer gets the advantage. There can be little doubt that as regards the prices of goods imported into India under the rising rate of exchange there has been this experience; and the native, so far as he is a consumer of imported goods, has not felt the benefit of the rising rate of exchange, as has his dealer. The probability is that in very many cases he has not felt the benefit at all. It is probably not at all an exaggeration, therefore, to say that the benefits of the increase in the rates of exchange, so far as they exist, have been rather specialized, and that they, as yet, have not come to the benefit of the masses so much as they may be expected to do after considerable more time has passed.

Counteracting influences.—These conclusions seem to be absolutely certain so long as we keep strictly in mind the condition that other things are to remain equal, and they are generally conceded even by those most in favor of the government's policy. Fortunately as it may seem for the Indian government, and interesting as it is from the point of view of the investigator, however, this increase of burden, or, to put it from the other side, this lessening of the prospective profit from the increase in the exchange value of silver, has, in many cases, not been felt at all, owing to the fact that other things have not remained the same. A somewhat careful statistical study of prices (see Appendixes I and II) seems to show that, on the whole, prices of products consumed in India have ruled upward during the last two or three years, and higher than during part of the period when the rate of exchange was so very low, although in 1897 prices were unusually high. Each year should be considered by itself. A comparison only of the five-year averages, as in the tables, would be unfair, as the lowest exchanges ran from 1893 to 1897, thus overlapping two periods. The tables do not show with possibly sufficient clearness that other factors have had more influence on prices of grain for local consumption, and at times even on wheat, than that of exchange, but such is the fact. The conditions are to be accounted for in part by the shorter crops, in part by the increased demand from elsewhere. In certain sections of the country, as, for example, in Burma, where so large quantities

of rice have been produced, the very great prosperity of the last two or three years seems to have been brought about in part by the famine in other parts of India, which tended to strengthen the demand for Burmese rice, and thus to keep up its price. Although, therefore, the tendency of the increasing rate of exchange of the last few years would have been to place a burden upon the producer of Burmese rice, other influences have apparently more than offset this tendency, so that the Burmese rice producer has perhaps never been so well off as he is at present. The same argument holds with reference to the producers of some other classes of products, notably those consumed in India itself.

It is also to be kept in mind that a large proportion of the Indian cultivators are entirely unlettered and utterly ignorant of all questions connected with public finance. These men have, therefore, borne the burden, so far as it has been an added burden, without any knowledge of the reasons for any change in their conditions. Their taxes in rupees have nominally remained the same, and if there has been any added difficulty in their acquiring the rupees to pay the taxes, they have not been able to trace the difficulty to its cause. In consequence, there has been little or no dissatisfaction with the government on their part.

Hoards and ornaments.—In one other particular there has been from the increased value of the rupee a serious loss to very many of the poorer classes in the community, a loss which it seems impossible for them to recover in any way. This is the lessened value of their silver ornaments and of their hoarded silver as compared with the rupee. Before the fixing of the rate of exchange rupees could be melted into ornaments and ornaments reconverted into rupees with practically no loss. Those persons who melted down rupees into ornaments while the value of silver was low find that they can not now secure anything like an equivalent number of rupees for their ornaments should they desire to sell them. A loss of perhaps one-third of their value would perhaps be felt were they needed to pay taxes.

There seems also no way of their recovering this loss. It has sometimes been urged that while ornaments are now worth less in rupees than before, it is correspondingly easy for those who now wish to buy ornaments to secure them. While this is true, this does not lessen the loss of those who were possessors of ornaments before the change was made. People buying ornaments now will be able to reconvert them into rupees with no loss, provided exchange remains fixed, but those who bought with a lower value of the rupee have met with a loss which seems final. It is their sacrifice to aid the government to meet its burdens and to prevent the officials from further loss.

It is sometimes said that there is no complaint on the part of the people in this particular, and that is, in most cases, probably true. Probably a large proportion of them have not found out the loss which, in fact, they have met with, and those who have felt the loss have probably never been able to understand the reason—to them inscrutable. They have probably accepted it, as is their wont, without complaint, as part of their hard fate.

Mr. Lindsay's plan for establishing in India a gold standard without a gold currency.—Inasmuch as it seemed at first difficult to provide for India a sufficient gold reserve to maintain a fixed rate of exchange by

redeeming silver with gold, the following plan, which is very suggestive, was proposed by Mr. A. M. Lindsay, of the Bank of Bengal, Calcutta:

"Five to ten millions sterling should be raised in London by a long-term loan (say fifteen years' currency), and should be deposited in the Indian office or the Bank of England. The fund might be styled the gold-standard reserve, and the office dealing with it might be called the London gold-standard office.

"2. It should be announced that the London gold-standard office will be prepared to sell to all applicants rupee drafts for sums of Rs. 15,000 and upward in exchange for sterling money at the rate of 1s. 4½d. per rupee. These drafts should be drawn on two offices, to be opened either in the Indian mints or in the Calcutta and Bombay presidency paper currency offices. These offices might be styled the Indian gold-standard offices. The drafts should be made payable on demand whenever there are rupees available in the Indian gold-standard offices. If not, and there are no rupees available in the Indian gold-standard office at the time, the drafts should be drawn at a currency affording time for coinage in India of silver bullion purchased in London with the sterling money. This currency might be shortened were the paper currency department authorized, as formerly, to issue notes against the silver bullion on its arrival in India.

"3. It should be announced that the Indian gold-standard offices will be prepared to sell to all applicants sterling drafts on the London standard office, payable on demand, in sums of £1,000 and upward, in exchange for rupees at the rate of 1s. 3¾d. per rupee.

"4. All rupees received by the Indian gold-standard offices should be held in these offices to meet the rupee drafts drawn by the London gold-standard office.

"5. All gold received under notifications Nos. 2662-2664 of June, 1893,^a should be made over to the Indian gold-standard offices, on their requisition, in exchange for rupees at the rate of 1s. 4d., and should be sent by them to the London gold-standard office.

"6. If the gold-standard reserve should decrease at any time to 'apprehension point,' i. e., show a likelihood of becoming exhausted, it would indicate that the rupee currency was seriously redundant, or, in other words, that there were too many rupees in circulation, and it would be the obvious duty of Government to curtail the currency. They should take the step contemplated by the Dutch Government in 1884, and melt a portion of the rupees held in the Indian gold-standard offices, dispatching the bullion to London for sale there for sterling money, which should go to strengthen the London gold-standard reserve. The loss on the operation would not necessarily be permanent, as it could be recouped afterwards by buying silver and coining it.

"Even these sales of silver might prove to be insufficient to preserve the gold-standard reserve from extinction, and in such an event it would be necessary to strengthen the fund by borrowing further on a temporary footing.

"7. The scheme should be started shortly before or during the early part of the busy export season, say, in January or February.

"8. Sales of council bills might be continued on their present footing, although it would be desirable to insure more competition for the bills."

^a Providing for furnishing 15 rupees in exchange for a sovereign.

This plan is substantially the one that was followed for half a century with success in fixing the sterling value of Scotch currency in the absence of gold coins. The Scotch banks kept reserves in London, against which they drew when necessary.

It resembles somewhat also the practice of Holland, where gold is given freely for export, but is granted very sparingly for local-payment purposes. It is also similar to the Java system.

It is possible that an adaptation of this plan, permitting the Philippine treasury to sell drafts upon Washington, would enable the gold standard to be maintained more easily without necessitating the holding of any very large gold reserve in Manila, provided it should be thought best to place the currency of the Philippine Islands upon a gold basis.

BURMA.

Burma has, of course, the same monetary system as that employed in the rest of India. The discussions that have already been given regarding the general situation in India apply in the main to Burma. But some slight distinctions ought to be noticed.

Burma has, of late years, not suffered from any failure of crops or from any other economic disaster, so that its inhabitants are much more prosperous, as a rule, than are those in most other parts of India. In fact, the failure of the rice crop in other parts of India has, in many instances, led to increased prosperity in Burma, inasmuch as it has created a demand for Burmese rice at very satisfactory prices. Burma is largely a rice-producing country, and this prosperity among rice producers has practically extended throughout the whole country.

In consequence of this the ill effects mentioned from the change of the currency in India have not been practically perceivable in Burma. It is doubtless true that the evil tendencies have been more than offset by the counteracting forces just mentioned. One hears no complaint whatever of the fall in the value of silver hoards or of increased difficulties in meeting tax obligations or any other complaints which are expressed with much vigor in some other parts of India.

The only complaint in connection with the financial obligations of the government or of citizens that one hears is that Burma, on account of its prosperity, is compelled by the Indian government to pay far more than what its citizens consider its share of the burdens of India in providing for military and other expenses. They would like to have Burma made a separate colony, with an independent budget, in order that it might escape many of these burdens which are considered unjust.

CEYLON.

The currency system.—The currency system of Ceylon is the same as that of India, with the exception of the minor coins. Instead of the anna, pice, and pie, which are the minor coins of India proper, Ceylon has the rupee divided into 100 cents, and there are minor coins representing these cents. The rupee is the same as in India, and the amount used in Ceylon is determined by business needs, rupees being imported from India whenever necessary. The government of Ceylon issues paper money redeemable in rupees.

The action of the Indian government, therefore, in stopping the free coinage of rupees and in taking other measures to fix the rate of

exchange between the rupee and the sovereign affects Ceylon much as it does India.

Report of special commission.—In 1894, the year following the closing of the India mints, the government of Ceylon appointed a special commission to report upon, first, the probable effect of the action of the Indian government in putting an artificial value on the rupee, and, second, upon measures which it might be expedient to take to protect the interests of Ceylon under the altered nature of the currency. The commission was composed of government officials and leading business men; testimony was taken from persons of various classes in the community, and information was gathered from the Straits Settlements and elsewhere regarding the effects of the action of the Indian government upon the prices of certain goods imported into Ceylon and upon wages.

Effects on exports.—Two or three of the commission's conclusions are of importance. First, it expressed the positive opinion that the fall in the value of silver, before the action of the Indian government had resulted in increasing the value of the rupee, had decidedly increased the exports of the colony and had brought about "a general progressive increase of prosperity among the producing classes and those dependent upon them."

Effects on labor.—In this connection it was stated also that "the rate of wages paid to unskilled Tamil labor on the estates has not increased during the past eighteen years." While the commission thought that the sterling value of some of the estates had probably fallen, it was still of the opinion that the European and native owners of estates whose expenditure was largely on unskilled labor had benefited by the low exchange which had ruled of late years.

The investigation seemed to show also that there had been an increase in the number of laborers for hire and in the demand for labor. This had resulted in certain provinces in a slight increase in the rate of wages, contrary to results found in other parts.

In certain cases it seemed probable that the falling rate of exchange would have been to the disadvantage of the laborers so far as they were consumers of imported goods, since the silver prices of such goods, other things equal, would have risen. In this connection, however, it was shown that, in spite of this influence, the silver value of imported cloths, which were used by the laborers, had fallen, owing, of course, to improved methods of production in Europe. But it was likewise shown that the cloth used was inferior in quality to that which had been earlier used. The total result would seem to be that the fall in the value of silver had been, in fact, to the real disadvantage of the laborers, but that their changed conditions had so disguised this effect that the laborers themselves had not perceived it.

So far as the consumption of other goods, for example, rice, is concerned, the laborers in most cases had not suffered because the planters had found it advisable to furnish rice to the laborers at a fixed valuation, even when they themselves had to pay more for it.

The commission recognized, of course, the decided loss that had come to the civil servants from the fall in silver, but thought that it was the duty of the government to make due compensation for that.

Effects on government.—As regards the government itself, the commission recognized that it had been placed at a disadvantage in meeting its gold obligations; but it believed also that the increased prosperity

of the colony under the falling exchange had been probably enough to offset this disadvantage. It thought that the direct saving from a change to the gold standard, should the change be made, might not be sufficient to compensate for the probable shrinkage in the revenue, which had become very large owing to the colony's increased prosperity.

The commission was also clearly of the opinion that the fall in exchange had "not prevented the introduction of necessary English capital, and it is stated that there is more capital offered for investment on reasonable terms than has ever been the case before." Their general conclusion was that a bullion silver currency with a falling rate of exchange had had advantages which had exceeded the disadvantages.

Recommendation.—In spite of this fact, however, it was found advisable to recommend that the government of Ceylon should not sever its connection with the currency of India. The commission thought that the risks inseparable from such a change would be as great, if not greater, than those which were to be expected from inaction, which would lead to the fixing of the rate of exchange and the placing of the country, in this sense, upon a gold standard.

The opinions of business men and of government officials in Ceylon at the present day seem, on the whole, to agree with those expressed by this commission, and one can not say that there is at the present time any indication of a desire to revert to the silver standard.

NETHERLANDS INDIA.

Currency system.—The currency of Netherlands India consists nominally of gold and silver coins, together with minor coins of silver and copper and notes of the Bank of Java. Although the standard is a gold standard, and although the exchange has been kept substantially fixed throughout the entire period of the relative fall in the price of silver, gold is practically not at all in circulation in Netherlands India. A gold coin, even an English sovereign, is rarely seen; the bank notes of the Java Bank and silver, which is legal tender for all amounts, with a few minor copper coins, constitute the currency. The Java Bank holds a large reserve in gold, but it is not paid out on demand.

Some years ago—in the late eighties—there was a vigorous agitation in favor of a change from the gold to the silver standard, it being felt by many that the country needed to be brought into line with the other oriental countries, practically all of which at that time were on a silver basis. Many being unwilling, however, to divorce the currency system of the Indies from that of the mother country, no change in the system was made.

Nature of population and of business.—The population of Java and Madura, the two islands most thickly settled and the farthest advanced in business methods and in civilization of Netherlands India, consisted, December 31, 1900, of 28,745,698 people. Of these, by far the largest number (28,384,731) are natives of the islands, although they may be divided among themselves into three groups—the Sundanese, mostly in the west part of Java; the Javanese proper, in central Java; and the Madurese, in Madura. The number of Chinese in Java and Madura is very considerable. They are, practically all of them, either skilled workmen—carpenters, shoemakers, saddlers, machinists, etc.—or else merchants. Very large numbers of them come to Java with

almost no means, begin their life as traders by peddling goods about the streets, and later become merchants, some of them of great wealth and influence.

Besides the Chinese traders, there is a somewhat large class of Arabs (18,051) who are also engaged in trade, and to whom the intricacies of exchange are no mystery.

The very large majority, therefore, of the population have been brought up under the present currency system; they know the present coins, and they have no knowledge of any other system of coins of which the bullion value determines the face value.

So far as the Chinese population is concerned, the situation in Java is materially different from that in the Federated Malay States, or in Deli, the east coast of Sumatra. In the two last-mentioned countries the greater part of the Chinese population is merely transitory, the Chinamen expecting to return to China after a few years' labor. The Chinamen, moreover, nearly all of them, are of the ignorant coolie class. They have become more or less accustomed to the large silver dollar whose value is in strict accordance with the weight and which can always be disposed of without serious difficulty in China. These coolies also know practically nothing of the principles of exchange, and in consequence they prefer the large dollar to, relatively speaking, the small amount of silver which would be required to make in the Dutch currency an amount of equal value. Considering the preferences of these Chinese coolies for the large silver dollar, it is doubtless true that they can be persuaded to work for rates that cost their European employers much less than would be possible, for a time at any rate, if they were to be paid in the Dutch guilder.

Java has, therefore, a gold standard so far as the rates of exchange are concerned; its silver guilder is maintained at a fixed rate of exchange with gold, and its business men are free from the speculative influences and other disadvantages which accompany a violently fluctuating rate of exchange. Owing to the long time that the colony has been under the present currency, prices and wages have gradually adapted themselves to the rate of exchange as compared with that in other countries, so that, while in all probability there is some little loss often to the exporters, as compared with the situation in the silver-standard countries since silver has been so rapidly falling, that loss is so slight that business men do not feel themselves seriously hampered. Though some English trading houses in Singapore feel that their silver standard has given them a decided advantage over the Dutch traders in Java, especially in the copra trade, the Dutch traders do not seem to have felt any disadvantage from their gold standard. While it is possible that the Dutch have made less money from exchanges than their English competitors in the Straits Settlements, and earlier in Ceylon and India, there seems at present to be no more signs of commercial depression among them. They have also made much profit in the long run, possibly through devoting attention more exclusively to the methods of production and sale, without having their attention distracted by the speculative demands of a fluctuating exchange.

Counterfeiting.—One disadvantage which has come from the overvaluation of the silver coin in Java has been the temptation to counterfeiting by making the counterfeit coin of full weight and of the proper quality of silver. There can be no doubt that there are large numbers of such counterfeit coins in circulation. On the other hand, the esti-

mate regarding such counterfeiting is, in very many cases, too high. According to the statement of Mr. Reÿsenbach, president of the Java Bank, the number of counterfeit coins taken up by that bank during the last seven years has been only 10,540 2½-guilder pieces, 2,953 guilders, and 17 half guilder pieces. Of course the greater number of counterfeits never reach the bank.

East Sumatra conditions.—On the east coast of Sumatra, as has been intimated, the situation is decidedly different. This coast is much more closely associated physically with the Straits Settlements and the Federated Malay States than with Java. In consequence, before the Dutch had made many settlements on this coast, the British dollar (as, indeed, had been the case in Borneo and Celebes also) had become a more or less current coin among the natives and traders.

When the tobacco plantations began to be developed, and the need was felt of bringing Chinamen in large numbers into the colony, it was perhaps natural that many of the Chinamen should come through Singapore and Penang, where they had become accustomed to the use of the Straits dollar, or that they should be persons more or less closely associated with those who were familiar with the dollar in either these states or in China. The Chinamen, therefore, who went to work on the tobacco plantations, and who represented by far the most productive and profitable laborers in Sumatra, preferred the silver dollar, and would work to better advantage if they were paid in that coin.

The Dutch Government, on the other hand, when its resident became settled in Medan, the capital of East Sumatra, and it established more completely its governmental control, naturally continued the legal currency of Netherlands India. The consequence is that one finds two systems of currency circulating side by side in this part of Sumatra. The officials' salaries and the taxes due to the government are payable in Dutch guilders. Likewise in some of the shops that are patronized most by the Europeans, and especially by officials, whose pay comes in guilders, the Dutch currency is used. On the other hand, the plantations, for the payment of their coolies, use the British dollar, and, in fact, that has become the current coin of the great masses of the people. So strong is the demand for this coin that during the year 1901 not less than 5,103,132.16 florins' worth were imported, as compared with 3,607,264.38 florins' worth of all other coins, including gold. Of this large amount, 1,728,342.75 florins entered the one port of Belawan, in East Sumatra, where it doubtless went at once into circulation, as was the case with much of that entered at other ports. Of course a goodly number of these dollars are hoarded by the natives in the somewhat more remote districts, and large quantities of them are doubtless carried by poorer Chinamen back to China.

In order to favor the Chinamen returning to China it is customary for the proprietors of large estates to give Chinamen bills of exchange payable in China without charging them commissions. The Planters' Association, which represents 74 plantations, has itself alone given, within the last twelve years, \$1,912,945.88 of these bills. The habit is growing among the Chinamen of taking pay in this form instead of taking silver dollars, but doubtless a great many silver dollars are in this way, through returning Chinamen, still exported.

Netherlands Trading Company's notes.—So strong has the demand for a dollar currency become, in fact, that the Netherlands Trading Company, one of the strongest banking concerns in the East, has

found it profitable to issue a kind of bank note in the form of an order from the manager on the cashier to pay a certain amount to the bearer. The demand for these so-called notes instead of the more cumbersome silver is so great indeed that the bank has found it profitable to issue them well up into the hundreds of thousands of dollars' worth (in Java one hears that notes of the value of 2,000,000 guilders are out), and one finds them in circulation not merely in Sumatra, but likewise in Penang and elsewhere. It must be kept in mind, of course, that neither these notes nor the British dollars are legal tender or are even legally recognized money in Sumatra. They are, in fact, merely customary money which the people prefer, and which the government, under the circumstances, finds it wise not to interfere with. So far as one is able to gather opinions from the business men and from the bankers concerning the importation of silver dollars and the importation of Dutch guilders, the silver currency in a good part of Sumatra is, on the whole, more in demand than the gold standard currency, and the silver currency is, moreover, that which comes naturally into the country as the result of the normal demand, whereas the Dutch currency is practically forced there by governmental agency. It seems a peculiar and most interesting example of two currencies in the same country—does it illustrate Gresham's law? It is the opinion not merely of many of the planters themselves, but also of bankers and other business men—in fact, of practically all whom one has an opportunity to consult on such matters—that if a change were made, even with considerable warning, from the silver to the gold standard, especially with silver coins at the high Dutch rates, the result would be the inevitable failure of many business concerns, as well as of many large planting companies. It is recognized that the conditions are exceptional and that the chief advantage of the silver currency comes from the fact that the Chinese coolie is determined to have his full weight of silver, and that he is too ignorant to rely on any standard which is merely supported by government fiat, or, perhaps one should say, by wise governmental regulation. To the planter who receives the pay for his products in gold, and who for so many years has been able to pay his laborers in silver and to pay likewise a large part of the other expenses of his establishment in silver, the silver standard seems especially good.

Beneficial effects of silver currency.—There is probably no reason to doubt that under the somewhat peculiar circumstances of this colony of the east coast the silver currency is, for the present at any rate, decidedly beneficial, not merely to the planters, but also to the productive and mercantile classes in general, while it would probably be difficult to show that the Chinaman, the laborer, is seriously, if at all, injured by his use of this coin, although it is he chiefly who bears the burden. Even, however, if it could be shown that the silver standard was maintained at his expense, it is still an open question as to whether the country should endeavor to enlighten the Chinaman, with the certainty that it would be deprived of a considerable part of his services if it were to undertake the task of enlightenment. It should be borne in mind that he is not a citizen; he is an exploiter in a small way who comes to take back to China with him most of his earnings.

The conditions in Java have already been set out in probably sufficient detail. It must be noted that the remarks which apply to Sumatra would not of necessity apply to Java, and, in fact, the conditions in Java are so different that they can not be made to apply

there. So far as one can judge from testimony from several sources, as well as from the monetary principles generally accepted, Java itself is not hampered by the gold standard, as it would be, provided its situation were similar to that of Sumatra.

THE STRAITS SETTLEMENTS AND THE FEDERATED MALAY STATES.

Currency system.—After what has been said regarding the monetary situation in Sumatra, it becomes much easier to understand the situation in the Straits Settlements and the Federated Malay States. So far as the Straits Settlements themselves are concerned, especially Singapore and Penang, the circumstances are somewhat peculiar. Both of these places, and especially Singapore, are great entrepôts for the purchase and sale and the reshipment of goods from the East to the West and the West to the East. They have large dealings with both gold-standard and silver-standard countries, and it is not possible under any standard for many of the important firms to avoid the speculative effects of a fluctuating rate of exchange. Even if their own gold and silver currency were maintained at a fixed par of exchange, their dealings with countries on a silver basis would make the item of the bullion value of silver an important one in very many of their transactions. So far, however, as the European traders are concerned, whose business is largely with Europeans, it is probable that the fixed rate of exchange would be, on the whole, satisfactory to a large majority of them, provided the rate of exchange were kept low.

Movement in favor of gold standard.—In 1897 a committee of the Chamber of Commerce of Singapore was appointed to prepare a report regarding the change of standard. A majority of the committee reported in favor of the adoption of a gold standard, with the English sovereign as a basis, with a Straits silver dollar equivalent to two shillings in value, and in favor of some means of maintaining this fixed rate of exchange. The report was discussed at some length in the chamber, and was finally adopted by a small majority. The opposition came in part from the bankers, who have probably gained from the fluctuations in exchange, and in part from others who felt that a change to the gold standard would deprive producers and exporters of the bounty which they had been receiving through the falling rate of exchange. The Chinese merchants favor the fluctuating silver currency.

At the present time the feeling on the part of many of those who still favor a change to the gold standard is that the most favorable time has gone by. In 1897 a dollar of 2 shillings in value would have been nearly at the bullion rate of their present dollar. The government officials at that time were also suffering from the falling rate of exchange, as has been explained regarding the officials in India. So strong a minority, however, against the report, even at that time, made the government feel that it ought not to take up the proposition for a change. At present the exchange has fallen so low that the bullion value of the present dollar would be far less. Moreover, the salaries of the government officials have now been placed on a sterling basis, so that they have not the interest in the change that they formerly had, and business men feel that there is no likelihood, in the immediate future at any rate, of any change being made.

Likewise, judging from the testimony of business men themselves, not all are dissatisfied with the present system. They have become

used to it, and, in a great many instances, especially during the period of decline in exchange, they were receiving the stimulating benefit which comes to those who may pay their obligations in a depreciating standard, while realizing on obligations due them in part on a rising standard.

Those, moreover, whose dealings have been mostly with the Chinese and with those countries that are on a silver standard naturally prefer that the Straits Settlements remain on the silver standard. The value of their coin will then fluctuate as compared with gold substantially in unison with that of the other countries with which they are dealing. On the other hand, so far as they are dealing directly with the native Chinese coolie, as are many whose interests are in mines and in large estates in either the provinces or the Federated Malay States, they have the coin which, on the whole, suits the coolie best, and they can supply his needs in this coin at rates much more satisfactory to themselves than if they were to adopt another coin not so well adapted to meet the Chinaman's peculiar wishes. It may be that, in the long run, a gold system would adapt itself to the needs of the country, or, to put the matter from the other side, that in the course of time the Chinaman would learn the actual mercantile value of the new coin and would adapt his demands to meet the needs of the case. But such a process must necessarily be slow, and for the time being both employer and Chinaman seem satisfied.

Opinion of Chinese merchants.—It seems to be the almost universal opinion among the influential Chinese dealers and producers in Singapore that the silver standard is the best. This comes in part, doubtless, from the fact the Chinese are directly interested in many cases in the production of tin, gambier, and other goods for export, and believe that with silver falling they make direct gains. In part, however, this preference comes from the natural liking of the Chinaman for speculation. One of the most influential Chinamen in Singapore has stated that in the discussion of such a question one should keep continually in mind the difference between the Oriental and the westerner as regards their methods of doing business. The westerner, he says, likes to eliminate as far as possible the speculative factor from business. He prefers to be able to count accurately on the future. On the other hand, there is always more or less of gambling risk in business, and the Oriental enjoys that. He is fond of gambling in any way, and likes business better if it has more of the speculative element. In the long run he thinks he is likely to win. On that account, therefore, the Chinaman will prefer the silver standard, even when he is dealing with a gold country.

Situation in Federated Malay States.—In the Federated Malay States the situation is quite similar to that on the east coast of Sumatra, excepting that there is only the one system for officials and coolies, whereas in East Sumatra there are two. A very large proportion of the population in the Federated Malay States are Chinamen, March 31, 1901, 303,364, as compared with 313,763 native Malays, while the total population is only 676,138. In Perak, the most important of the Federated States, the Chinese outnumber the Malays by some 16,000, and in Selangor by some 68,000, these being the two great tin-producing States. A large proportion of the Chinamen in all the Federated Malay States are miners, who are working the mines temporarily, with the expectation of returning to China as soon as they have accumulated a sufficient amount to enable them

to satisfy their future needs. They have the same expectation of taking dollars or an order for dollars to China with them as have the Chinese in Sumatra, and they also, like those in Sumatra are for the most part not colonists nor permanent settlers, but merely transitory workers, who after their brief task is done are going back to China to enjoy the fruits of their toil, and who believe that the large silver dollar has for them much more value than its equivalent would have were the rate of exchange fixed with gold at a rate as high as that of the Dutch guilder or even that of the Indian rupee.

A good number of persons believe that the advantages of both systems—the cheap money for the coolies and the fixity of exchange for the merchant—can be secured by establishing now a fixed rate of exchange at somewhat near the regular market bullion ratio and maintaining that rate. Of course the difficulty of such a plan is that of knowing beforehand what ratio to adopt in order to be sure that the ratio can be maintained without difficulty and without too serious danger from counterfeiting or other evils common in countries where the bullion value of the coin is very much less than its debt-paying value.

So far as the Federated Malay States are concerned, with their mining and planting interests, there can be apparently no question that the silver dollar, for a considerable time to come, at any rate, is satisfactory; probably more satisfactory than any system based upon gold. It would not pay to change. If the Chinaman could be readily educated so that he would not object seriously to changing the nature of the money in which he receives his pay, one might possibly reach a different conclusion; but in dealing with such a question as this the opinions or sentiments, even the mere whims, of the money users have a great deal to do in determining what kind of money it is best to use.

FRENCH INDO-CHINA.

With the exception of Indo-China, the French colonies have the system of currency used in France, with some slight modifications of no special economic significance. In Indo-China a French commercial trade dollar has been coined, similar to the trade dollar in the Straits Settlements, which circulates in international trade with the Mexican and British dollar. The colony is on a silver basis; but for government transactions the Governor-General fixes a rate of exchange between the commercial dollar and the gold franc. This rate of exchange is made very near the commercial rate, and whenever the commercial rate varies materially the governor-general changes the official rate. A variation of more than 10 centimes would never be allowed; ordinarily the variation is only 1 or 2 centimes. It seems to be the habit of the governor-general to keep the rate a trifle higher than the commercial rate, so that in receiving the taxes, etc., there will be a slight gain to the government.

Business men are said to complain of this continual variation between the two rates, because local dealers are likely to take advantage of the situation in their transactions with those who are more or less in their hands by taking whichever rate is most advantageous to the dealer himself.

Some persons think that it would be advantageous to adopt the French standard for Indo-China also, in order to avoid this trouble-

some variation between the two rates. Those who seem best informed, however, seem to think that it would be a wiser plan to adopt outright the silver standard and let the government take the commercial rate into its business.

M. Simon, the Paris manager of the Indo-China Bank, a very well informed man on the subject, was of the opinion that the silver standard was far preferable for Indo-China, inasmuch as her chief commercial relations were with China, her rice being mainly sold there.

M. Noufflard, who, a year or two ago, had visited, in behalf of the French Government, Madagascar and Réunion, as well as the British colony of Mauritius, had reached the conclusion, from what he saw in those islands, that the silver standard was far the best for colonies situated as were those. He found that Mauritius had, some time ago, adopted the silver standard instead of gold, whereas Réunion, also some time in the past, at the instance of the French officials who were suffering from the fall in the price of silver, had adopted the gold standard. He said that Mauritius had apparently flourished under the silver standard, whereas in Réunion there had been a continual depression in trade ever since the adoption of the gold standard. From very careful study in connection with the whole situation, he had reached the conclusion that the chief cause of the difficulty was the gold standard, considering that the island was dealing largely with silver countries. He found, also, that in Zanzibar, and even in German East Africa near Zanzibar, the silver standard was used, though in the German colony it was apparently merely a matter of custom. He believed that an agreement with the nations concerned for a silver standard in the French, Dutch, and English colonies of the Far East and of East Africa with coins of the same weight, which should be practically interchangeable would be very beneficial.

He thought also that it would be advisable for the Philippine Islands to come into such a convention. The standard to be adopted, in his judgment, should be either the Indian rupee or the Mexican dollar. From his conversation it would appear that since the fixing of the rate of exchange in India, he would prefer the coins to be of the weight of the Mexican dollar.

CONCLUSIONS.

On the whole, the experiences of India, Java, Ceylon, the Straits Settlements, and the Federated Malay States lead to the following conclusions:

1. It is perfectly possible in Oriental dependencies to maintain a fixed rate of exchange between gold and silver without the necessity of bringing gold, to any great extent, into circulation.

2. In countries where imported coolie labor is of great importance and where such coolie labor is mostly Chinese, it is probable that better terms (i. e., a lower percentage of cost in wages) can be made by using the silver standard than by using the gold standard.

3. When silver is declining in value as compared with gold, a silver standard, beyond doubt, affords a stimulus to the production of goods for export, especially if the laborers employed are of the ignorant coolie type, the prices of whose purchases are largely customary. In the case of a newly developing country where coolie labor is demanded, this stimulus may prove, for some time at least, of advantage without

disadvantages enough to offset. It is a question of degree of advantage and disadvantage.

4. The advantage to the producers of export goods are offset in part doubtless by losses of wage-earners, in part by losses of consumers of imported goods; but this influence on the distribution of wealth may, quite conceivably for a considerable time, be beneficial to the country as a whole.

5. On the other hand, conditions may be such that this change in the distribution of wealth may be a disadvantage, and each country needs to consider what the effect of the change in the distribution of wealth will be before settling its policy.

6. In the long run, it is probable that under any standard these changes in distribution will be gradually fixed, so that producers in a country with a gold standard will not continually be placed at any disadvantage regarding wages and other costs of production as compared with those in the silver standard countries.

7. The silver standard, under present circumstances, and probably for a long time to come, brings an element of uncertainty and speculation into business, which, speaking generally, is to be considered a decided disadvantage.

8. It is probable that in a country whose business is largely with gold-standard countries, the advantages of a fixed rate of exchange on a gold basis will more than offset the advantages which might come from a silver basis, unless the most important factor in connection with production is the introduction of cheap coolie labor. Even in the latter case, if there is a desire to develop especially the trade with gold countries, the fixed rate of exchange with gold is to be preferred.

9. The flow of capital for investment in a country is determined mainly by the outlook for profits. Unless the chances are very good, an added element of speculation in business tends to check investment. Unless, therefore, conditions of labor or other special conditions are such as to more than offset the risks of a fluctuating rate of exchange, a fixed rate on a gold basis will encourage the investment of capital.

10. If the gold standard, together with a silver currency, is to be adopted in any of these Oriental countries, the disadvantage which there may be in connection with it will be much less if the fixed rate of exchange be made as near as possible to the bullion rates, with the silver coin as a token, of light enough weight so that there will be slight danger of its being exported if a rise occurs in the value of silver bullion, and at the same time with the coin not too light so as to afford undue temptation to counterfeiting. A coin 15 per cent or 20 per cent below the fixed exchange value would probably be light enough.

11. A permanent rate of exchange can be easily maintained by a provision for the Government to sell exchange at fixed rates between the home government and the dependency. Such rates should be high enough not to interfere with ordinary business, but low enough to prevent extortionate business rates even temporarily in the dependency itself. A reasonable gold reserve in the dependency, to be used when large quantities are needed for export, may well be kept in conjunction with the above plan.

12. Whatever the standard of value, the efficiency of the currency system is greatly increased by the use of paper. An elastic bank-note system, with notes current throughout the country, has proved best.

APPENDIX I.

Average annual prices (annas per ser) of certain food grains at selected stations in India (1891-1900).

	Calcutta.		Cawnpore.					Bombay.		
	Rice.	Wheat.	Wheat.	Barley.	Jawar.	Bajra.	Gram.	Wheat.	Jawar.	Bajra.
1891	1.194	1.356	1.0959	0.8649	0.8466	0.9412	0.90	1.649	0.9467	1.1429
1892	1.468	1.429	1.1286	.7729	.7080	.7921	.7512	1.905	1.1594	1.2598
1893	1.6	1.311	1.0256	.7018	.71	.7729	.6926	1.633	1.1940	1.1679
1894	1.584	1.2121	.8939	.6584	.6695	.7339	.6780	1.4545	1.185	1.1429
1895	1.311	1.290	.9816	.7882	.8163	.8377	.7882	1.2121	1.0738	1.1511
Average ...	1.416	1.311	1.0191	.7512	.7442	.8122	.7547	1.538	1.1034	1.1679
1896	1.45	1.509	1.379	1.1429	1.1670	1.28	1.1034	1.356	1.0884	1.270
1897	2.105	1.975	1.6	1.2403	1.1765	1.290	1.6666	2.388	1.684	1.7777
1898	1.553	1.416	1.0596	.6695	.6751	.7143	.8247	2.105	1.1940	1.2403
1899	1.345	1.356	1.081	.7692	.7306	.8122	.8205	2.078	1.290	1.369
1900	1.4545	1.569	1.379	1.0458	.9816	1.1189	1.2214	2.62	1.7777	1.838
Average ...	1.538	1.538	1.270	.9195	.8939	.9816	1.0526	2	1.345	1.4545

	Amritsar.					Salem.				Rangoon.
	Wheat.	Barley.	Jawar.	Bajra.	Gram.	Rice.	Jawar.	Bajra.	Ragi.	Rice.
1891	1.1034	0.7477	1.0063	1.1189	0.8122	1.481	0.8511	0.8247	0.7442	1.4545
1892	1.185	.7960	.8696	1.2030	.8290	1.649	1.0191	1.0390	.9195	1.524
1893	.9766	.6015	.7018	.9143	.6426	1.584	.8743	.9412	.7843	1.1679
1894	.6349	.3922	.6145	.9524	.4834	1.368	.7921	.8122	.6926	1.0666
1895	.8511	.5246	.7272	.7656	.6349	1.3333	.7306	.7143	.6349	1.0666
Average ...	.9040	.5735	.7272	.9696	.6557	1.481	.8421	.8511	.7442	1.2308
1896	1.2500	.9302	1.1429	1.404	1.0063	1.2500	.7442	.8040	.6612	1.1268
1897	1.553	1.1679	1.509	1.6666	1.524	1.495	1.0063	.8696	.8556	1.509
1898	.9756	.6084	.7692	.9195	.8	1.684	1	1.1594	.9357	1.1034
1899	.9816	.64	.9090	.9938	.8939	1.356	.7882	.8556	.7272	1.1679
1900	1.301	1.0458	1.345	1.429	1.429	1.720	1.1594	1.2308	1.0738	1.0884
Average....	1.1765	.8205	1.0666	1.2308	1.0596	1.481	.9143	.9524	.8247	1.185

NOTES.—A ser is equal to 2.06 pounds nearly; there are 40 sers in 1 maund, equal to 82½ pounds. An anna is one-sixteenth of a rupee; a rupee is equal to 16 pence, therefore, 1 anna equals 1 penny, 2 cents American.

These figures are taken from government statistical reports.

APPENDIX II.

Variations in the prices in Appendix I, the prices for 1873 being taken as 100.

	Calcutta.		Cawnpore.					Bombay.		
	Rice.	Wheat.	Wheat.	Barley.	Jawar.	Bajra.	Gram.	Wheat.	Jawar.	Bajra.
1891	91	98	114	118	117	122	123	120	116	117
1892	111	103	117	105	97	102	102	138	142	129
1893	121	95	106	96	98	100	93	119	146	120
1894	120	87	93	90	92	95	92	106	145	117
1895	100	93	102	107	112	108	106	88	132	118
Average ...	109	95	106	103	103	105	103	114	136	120
1896	111	109	143	156	160	165	149	98	133	130
1897	159	143	167	169	162	166	226	175	206	183
1898	118	102	110	91	93	92	111	153	146	127
1899	102	98	112	105	100	105	111	151	158	140
1900	110	113	143	143	135	144	165	192	219	190
Average ...	117	111	132	126	123	127	142	146	166	149

Variations in the prices in Appendix I, etc.—Continued.

	Amritsar.					Salem.				Ran- goon.
	Wheat.	Barley.	Jawar.	Bajra.	Gram.	Rice.	Jawar.	Bajra.	Ragi.	Rice.
1891	168	180	226	211	148	157	122	126	141	123
1892	180	191	195	227	151	174	145	159	174	129
1893	148	144	158	172	117	167	125	144	149	99
1894	96	94	116	179	88	144	113	124	131	90
1895	129	126	165	144	116	141	105	109	120	90
Average ...	144	147	172	187	124	157	122	132	143	106
1896	189	223	256	264	183	132	106	122	125	95
1897	235	281	338	313	279	158	144	133	162	128
1898	148	146	173	173	146	177	143	177	177	93
1899	149	154	204	186	163	143	113	131	138	99
1900	197	251	302	369	261	182	166	187	203	92
Average ...	178	197	240	229	193	156	131	146	156	100

APPENDIX III.

Average monthly wage (in rupees) of skilled and unskilled labor in certain selected stations in India from 1891 to 1900.

Second half of year.	Calcutta.	Cawnpore.		Bombay.	
	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.
1891	15	4 to 5	8 and 10	11	27.5 to 42
1892	15	3	7.5 and 9.37	11	27.5 to 42
1893	15 to 16	4 and 5	7.5 and 9.37	11	27.5 to 42
1894	15 to 16	4 and 5	7.5 and 9.37	11	27.5 to 42
1895	15 to 16	4 and 5	7.5 and 9.37	11	27.5 to 44
Average	15 to 16.6	3.8 to 4.6	7.6 to 9.5	11	27.5 to 42
1896	15 to 16	3.28 and 3.75	7.5 and 9.37	11	27.5 to 42
1897	18 to 20	4 and 5	7.5 and 9.37	11	27.5 to 42
1898	18 to 20	3.44 and 5	7.5 and 9.37	11	27.5 to 42
1899	18 to 20	3.45 and 5	7.58 and 9.37	11	27.5 to 42
1900	16 to 18	3.56 and 5	7.52 and 9.37	11	27.5 to 42
Average	17.4 to 19.2	3.55 and 4.75	7.52 and 9.37	11	27.5 to 42

Second half of year.	Amritsar.	Salem.		Rangoon.	
	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.	Common mason, carpenter, or blacksmith.
1891	7	14.5	2.62	11.5	30 to 45
1892	7	14.5	2.92	11.67 to 12.64	12 to 14
1893	7	14.5	3.06	11.67 to 12.67	15
1894	7	14.5	3.06	11.67 to 12.67	15
1895	7	14.5	3.21	11.67 to 12.67	15
Average	7	14.5	2.97	11.64 to 12.43	13.4 to 14.2
1896	8	15	3.32	11.67 to 12.67	15
1897	8	15	3.37	12 to 12.69	15
1898	8	15	3.31	12 to 13.75	15
1899	8	15	3.31	12 to 14	15
1900	8	15	3.44	13.5 to 15.94	15
Average	8	15	3.35	12.23 to 13.81	14.4

APPENDIX IV.

Variations in the wage rates in Appendix III, the rates for the second half of 1873 being taken as 100.

Second half of each year.	Calcutta.	Cawnpore.		Bombay.	
	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.
1891.....	171	120	120	122	93
1892.....	171	80	112	122	93
1893.....	177	120	112	122	93
1894.....	177	120	112	122	93
1895.....	177	120	112	122	93
Average.....	175	112	114	122	93
1896.....	177	94	112	122	93
1897.....	217	120	112	122	93
1898.....	217	113	112	122	93
1899.....	217	113	113	122	92
1900.....	217	114	113	122	93
Average.....	209	111	113	122	93

Second half of each year.	Amritsar.		Salem.		Rangoon.	
	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.	Able-bodied agricultural laborer.	Common mason, carpenter, or blacksmith.
1891.....	117	114	105	85	92	88
1892.....	117	114	117	90	108	88
1893.....	117	114	122	90	125	65
1894.....	117	114	122	90	125	65
1895.....	117	114	128	90	125	65
Average.....	117	114	119	89	115	74
1896.....	133	118	133	90	125	106
1897.....	133	118	133	91	125	106
1898.....	133	118	132	95	125	106
1899.....	133	118	132	96	100	106
1900.....	133	118	138	109	125	106
Average.....	133	118	134	96	120	106

APPENDIX V.

Exchange rates; prices of bar silver and sovereigns.

	Bank rates, Hong-kong.		Bar silver
	London, T. T.	London, 4 m s L.C.	London.
1900.			
February:			
Highest.....	23 $\frac{7}{10}$	23 $\frac{1}{16}$	27 $\frac{1}{16}$
Lowest.....	23 $\frac{4}{10}$	23 $\frac{1}{16}$	27 $\frac{5}{16}$
March:			
Highest.....	23 $\frac{1}{2}$	23 $\frac{1}{8}$	27 $\frac{13}{16}$
Lowest.....	23 $\frac{1}{4}$	23 $\frac{1}{8}$	27 $\frac{7}{16}$
April:			
Highest.....	23 $\frac{1}{2}$	23 $\frac{1}{8}$	27 $\frac{8}{16}$
Lowest.....	23 $\frac{1}{4}$	23 $\frac{1}{8}$	27 $\frac{5}{16}$
May:			
Highest.....	23 $\frac{7}{10}$	23 $\frac{1}{8}$	27 $\frac{11}{16}$
Lowest.....	23 $\frac{1}{2}$	23 $\frac{1}{8}$	27 $\frac{1}{16}$

Exchange rate and bar silver quotations—Continued.

	Bank rates, Hong-kong.		Bar silver
	London, T. T.	London, 4 ms L. C.	London.
1900—Continued.			
June:			
Highest	24	24 $\frac{1}{2}$	28 $\frac{3}{8}$
Lowest	23 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{1}{8}$
July:			
Highest	24 $\frac{1}{2}$	24 $\frac{1}{2}$	28 $\frac{1}{2}$
Lowest	23 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{1}{2}$
August:			
Highest	24 $\frac{1}{2}$	24 $\frac{1}{2}$	28 $\frac{3}{8}$
Lowest	24 $\frac{1}{2}$	24 $\frac{1}{2}$	28
September:			
Highest	24 $\frac{1}{2}$	25 $\frac{1}{2}$	29 $\frac{1}{2}$
Lowest	24 $\frac{1}{2}$	24 $\frac{1}{2}$	28 $\frac{3}{8}$
October:			
Highest	25 $\frac{1}{2}$	25 $\frac{1}{2}$	30 $\frac{1}{2}$
Lowest	24 $\frac{1}{2}$	24 $\frac{1}{2}$	29 $\frac{1}{2}$
November:			
Highest	25 $\frac{1}{2}$	25 $\frac{1}{2}$	29 $\frac{3}{8}$
Lowest	25	25 $\frac{1}{2}$	29 $\frac{1}{2}$
December:			
Highest	25 $\frac{1}{2}$	25 $\frac{1}{2}$	29 $\frac{1}{2}$
Lowest	24 $\frac{1}{2}$	25 $\frac{1}{2}$	29 $\frac{1}{2}$
1901.			
January:			
Highest	25	25 $\frac{1}{2}$	29 $\frac{1}{2}$
Lowest	23 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{1}{2}$
February:			
Highest	24	24 $\frac{1}{2}$	28 $\frac{1}{2}$
Lowest	23 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{1}{2}$
March:			
Highest	25 $\frac{1}{2}$	24 $\frac{1}{2}$	28 $\frac{3}{8}$
Lowest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	27 $\frac{1}{2}$
April:			
Highest	25 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{3}{8}$
Lowest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	26 $\frac{3}{8}$
May:			
Highest	25 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{3}{8}$
Lowest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	27 $\frac{1}{2}$
June:			
Highest	25 $\frac{1}{2}$	24	27 $\frac{3}{8}$
Lowest	25 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{1}{2}$
July:			
Highest	25 $\frac{1}{2}$	24 $\frac{1}{2}$	27 $\frac{1}{2}$
Lowest	23	23 $\frac{1}{2}$	26 $\frac{1}{2}$
August:			
Highest	24 $\frac{1}{2}$	23 $\frac{1}{2}$	27 $\frac{1}{2}$
Lowest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	26 $\frac{1}{2}$
September:			
Highest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	27
Lowest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	26 $\frac{1}{2}$
October:			
Highest	23 $\frac{1}{2}$	23 $\frac{1}{2}$	26 $\frac{1}{2}$
Lowest	22 $\frac{1}{2}$	23 $\frac{1}{2}$	26 $\frac{1}{2}$
November:			
Highest	22 $\frac{1}{2}$	23 $\frac{1}{2}$	26 $\frac{1}{2}$
Lowest	21 $\frac{1}{2}$	22 $\frac{1}{2}$	25 $\frac{1}{2}$
December:			
Highest	22 $\frac{1}{2}$	22 $\frac{1}{2}$	25 $\frac{1}{2}$
Lowest	21 $\frac{1}{2}$	22 $\frac{1}{2}$	24 $\frac{1}{2}$
1902.			
January:			
Highest	22 $\frac{1}{2}$	22 $\frac{1}{2}$	26 $\frac{1}{2}$
Lowest	22	22 $\frac{1}{2}$	25 $\frac{1}{2}$
February:			
Highest	22	22 $\frac{1}{2}$	25 $\frac{1}{2}$
Lowest	21 $\frac{1}{2}$	22 $\frac{1}{2}$	25 $\frac{1}{2}$

Exchange rate and bar silver quotations—Continued.

Day of month.	March.			April.			May.		
	London T. T.	London 4 m s L. C.	London.	London T. T.	London 4 m s L. C.	London.	London T. T.	London 4 m s L. C.	London.
1.....	21 $\frac{1}{2}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	.....	20	20 $\frac{5}{16}$	23 $\frac{1}{2}$
2.....	21 $\frac{1}{2}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	2 41 $\frac{3}{4}$	19 $\frac{1}{2}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
3.....	.....	.....	.....	21 $\frac{5}{16}$	21 $\frac{3}{4}$	.....	19 $\frac{1}{2}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
4.....	21 $\frac{1}{2}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	19 $\frac{1}{2}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
5.....	21 $\frac{1}{2}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	19 $\frac{1}{2}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
6.....	21 $\frac{1}{2}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	19 $\frac{1}{2}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
7.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	.....	.....	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
8.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
9.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
10.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
11.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
12.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
13.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
14.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
15.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
16.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	25 $\frac{3}{4}$	21 $\frac{5}{16}$	21 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{5}{16}$	20 $\frac{5}{16}$	23 $\frac{1}{2}$
17.....	.....	.....	.....	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
18.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
19.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
20.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
21.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
22.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
23.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
24.....	.....	.....	.....	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
25.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
26.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
27.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
28.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
29.....	.....	.....	.....	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....
30.....	21 $\frac{5}{16}$	22 $\frac{3}{4}$	24 $\frac{1}{2}$	20 $\frac{7}{16}$	20 $\frac{3}{4}$	24 $\frac{1}{2}$	.....	.....	.....

Singapore bank's four months' rate for exchange on London.

SINGAPORE.

	1897.	1898.	1899.	1900.	1901.	1902
January:						
Highest.....	25 $\frac{1}{2}$	24	24 $\frac{3}{8}$	24	25 $\frac{1}{8}$	22 $\frac{1}{2}$
Lowest.....	25 $\frac{1}{8}$	23 $\frac{1}{2}$	23 $\frac{1}{8}$	23 $\frac{3}{4}$	24 $\frac{7}{8}$	22 $\frac{1}{8}$
February:						
Highest.....	25 $\frac{3}{4}$	23 $\frac{5}{8}$	24	23 $\frac{1}{2}$	24 $\frac{1}{2}$	22 $\frac{1}{2}$
Lowest.....	25 $\frac{1}{8}$	22 $\frac{3}{4}$	23 $\frac{1}{8}$	23 $\frac{3}{4}$	24 $\frac{1}{8}$	22 $\frac{1}{8}$
March:						
Highest.....	25 $\frac{5}{8}$	22 $\frac{3}{4}$	24	23 $\frac{1}{2}$	24 $\frac{1}{2}$	.....
Lowest.....	24 $\frac{7}{8}$	22 $\frac{1}{8}$	23 $\frac{1}{8}$	23 $\frac{1}{2}$	23 $\frac{1}{2}$	.....
April:						
Highest.....	24 $\frac{5}{8}$	23 $\frac{5}{8}$	24 $\frac{5}{8}$	24	24 $\frac{3}{4}$	.....
Lowest.....	24 $\frac{1}{8}$	22 $\frac{3}{4}$	23 $\frac{3}{4}$	23 $\frac{3}{4}$	23 $\frac{1}{2}$	.....
May:						
Highest.....	24 $\frac{3}{4}$	23 $\frac{3}{4}$	24 $\frac{5}{8}$	24	24 $\frac{1}{2}$	.....
Lowest.....	23 $\frac{3}{4}$	22 $\frac{3}{4}$	23 $\frac{1}{2}$	23 $\frac{1}{2}$	23 $\frac{1}{2}$	.....
June:						
Highest.....	24 $\frac{1}{2}$	23 $\frac{1}{2}$	24 $\frac{5}{8}$	24 $\frac{5}{8}$	24 $\frac{1}{2}$	.....
Lowest.....	23 $\frac{1}{2}$	22 $\frac{1}{2}$	24	23 $\frac{1}{2}$	23 $\frac{1}{2}$	.....
July:						
Highest.....	24	23 $\frac{7}{8}$	23 $\frac{5}{8}$	24 $\frac{1}{2}$	23 $\frac{7}{8}$	.....
Lowest.....	23 $\frac{3}{4}$	23	23 $\frac{1}{8}$	24 $\frac{1}{8}$	23 $\frac{1}{2}$	.....
August:						
Highest.....	23 $\frac{3}{4}$	23 $\frac{5}{8}$	24 $\frac{3}{8}$	24 $\frac{1}{2}$	23 $\frac{1}{2}$	.....
Lowest.....	21 $\frac{5}{8}$	23 $\frac{1}{8}$	23 $\frac{1}{2}$	24 $\frac{1}{8}$	23 $\frac{5}{8}$	.....
September:						
Highest.....	23 $\frac{3}{4}$	24	23 $\frac{1}{2}$	25 $\frac{1}{2}$	23 $\frac{3}{4}$	.....
Lowest.....	21 $\frac{3}{4}$	23 $\frac{1}{4}$	23 $\frac{1}{2}$	24 $\frac{1}{2}$	23 $\frac{1}{2}$	.....
October:						
Highest.....	23 $\frac{5}{8}$	23 $\frac{3}{4}$	23 $\frac{1}{2}$	26 $\frac{3}{8}$	23 $\frac{5}{8}$	.....
Lowest.....	22 $\frac{1}{2}$	23 $\frac{1}{8}$	23 $\frac{1}{2}$	25 $\frac{1}{4}$	22 $\frac{1}{2}$	.....
November:						
Highest.....	23 $\frac{5}{8}$	23 $\frac{3}{4}$	24 $\frac{1}{8}$	26 $\frac{1}{8}$	23 $\frac{1}{2}$	.....
Lowest.....	22 $\frac{1}{2}$	23 $\frac{1}{8}$	23 $\frac{1}{8}$	25 $\frac{1}{8}$	22 $\frac{1}{2}$	.....
December:						
Highest.....	24 $\frac{1}{2}$	23 $\frac{1}{2}$	24	25 $\frac{1}{2}$	22 $\frac{7}{8}$	.....
Lowest.....	23 $\frac{1}{2}$	23 $\frac{1}{2}$	23 $\frac{1}{2}$	25 $\frac{1}{2}$	21 $\frac{1}{2}$	.....

Bank's four months' rate for exchange on London (highest and lowest)—Continued.

SINGAPORE—Continued.

Mar. 5.....	(22) ¹ / ₂	Mar. 24.....	21 ¹ / ₂	Apr. 18.....	21	May 7.....	20 ¹ / ₂
7.....	(22) ¹ / ₂	26.....	21 ¹ / ₂	19.....	20 ¹ / ₂	8.....	20 ¹ / ₂
8.....	(22) ¹ / ₂	Apr. 1.....	(21) ¹ / ₂	21.....	20 ¹ / ₂	9.....	20 ¹ / ₂
10.....	21 ¹ / ₂	8.....	21 ¹ / ₂	22.....	(20) ¹ / ₂	10.....	20 ¹ / ₂
11.....	22 ¹ / ₂	9.....	21 ¹ / ₂	23.....	(20) ¹ / ₂	12.....	20 ¹ / ₂
13.....	22 ¹ / ₂	10.....	(21) ¹ / ₂	26.....	20 ¹ / ₂	13.....	(20) ¹ / ₂
14.....	21	11.....	21 ¹ / ₂	29.....	20 ¹ / ₂		(20) ¹ / ₂
16.....	21	12.....	21 ¹ / ₂	30.....	20 ¹ / ₂		
17.....	21	14.....	21 ¹ / ₂	May 1.....	20 ¹ / ₂		
18.....	21	15.....	(21) ¹ / ₂	2.....	20 ¹ / ₂		
19.....	21 ¹ / ₂		(21) ¹ / ₂	5.....	20 ¹ / ₂		
20.....	21 ¹ / ₂	17.....	21 ¹ / ₂	6.....	20 ¹ / ₂		

NOTE.—Daily figures from March are given to show the rapidity of fall. Material furnished by Mr. Jones, manager of the Hongkong and Shanghai Banking Corporation, Manila.

Highest and lowest prices of sovereigns in Calcutta and Bombay from 1896 to 1901.^a

[R., rupees; A., annas; P., pie.]

	Shields.		Dragons.		Sovereigns.	
	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.
1896. ^b	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.
January.....	17 4 0	17 4 0	17 2 0	17 2 0	17 2 0	17 2 0
February.....	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0
March.....	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0
April.....	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0
May.....	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0	17 2 0
June.....	17 3 6	17 2 6	17 2 6	17 2 6	17 2 6	17 2 6
July.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
August.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
September.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
October.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
November.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
December.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
1897. ^b						
January.....	17 2 6	17 0 0	17 2 6	17 0 0	17 2 6	17 0 0
February.....	16 1 0	16 1 0	16 1 0	16 1 0	16 1 0	16 1 0
March.....	16 3 0	16 2 6	16 3 0	16 2 6	16 3 0	16 2 6
April.....	16 2 6	16 2 6	16 2 6	16 2 6	16 2 6	16 2 6
May.....	16 3 0	16 3 0	16 3 0	16 3 0	16 3 0	16 3 0
June.....	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6
July.....	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6
August.....	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6
September.....	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6	16 6 6
October.....	15 7 6	15 7 6	15 7 6	15 7 6	15 7 6	15 7 6
November.....	15 12 9	15 8 6	15 12 9	15 8 6	15 12 9	15 8 6
December.....	16 2 0	15 8 0	16 2 0	15 8 0	16 2 0	15 8 0
1898.						
January.....	15 5 0	15 3 0	15 2 0	15 1 0	15 5 0	15 3 0
February.....	15 4 0	15 2 3	15 2 0	15 1 0	15 4 0	15 2 3
March.....	15 6 0	15 1 6	15 4 9	15 0 6	15 6 0	15 1 6
April.....	15 4 6	15 4 6	15 3 6	15 3 6	15 4 6	15 4 6
May.....	15 4 6	15 4 6	15 3 6	15 3 6	15 4 6	15 4 6
June.....	15 4 6	15 4 6	15 3 6	15 3 6	15 4 6	15 4 6
July.....	15 4 6	15 4 6	15 3 6	15 3 6	15 4 6	15 4 6
August.....	15 4 6	15 4 6	15 3 6	15 3 6	15 4 6	15 4 6
September.....	15 2 6	15 2 6	15 3 6	15 3 6	15 2 6	15 2 6
October.....	15 2 6	15 2 6	15 3 6	15 3 6	15 2 6	15 2 6
November.....	15 2 9	15 2 6	15 2 6	15 2 6	15 2 9	15 2 6
December.....	15 3 0	15 3 0	15 2 6	15 2 6	15 3 0	15 3 0
1899.						
January.....	15 3 0	15 3 0	15 2 6	15 2 6	15 3 0	15 3 0
February.....	15 1 6	15 0 1	15 0 3	15 0 3	15 1 6	15 0 1
March.....	15 1 9	15 1 6	15 1 0	15 0 3	15 1 9	15 1 6
April.....	15 3 0	15 2 6	15 1 0	15 0 9	15 3 0	15 2 6
May.....	15 2 6	15 1 6	15 1 0	15 0 3	15 2 6	15 1 6
June.....	15 1 9	15 1 9	15 0 6	15 0 3	15 1 9	15 1 9
July.....	15 2 0	15 1 6	15 0 6	15 0 3	15 2 0	15 1 6

^a Sovereigns with shield design minted in London command a slightly higher price than those with dragon design minted in Australia, owing to differences in alloy, which make the latter less valuable for jewelry manufacturers. Material for this table was furnished by Mr. A. M. Lindsay, Bank of Bengal, Calcutta.

^b No separate quotations for shields or dragons.

Highest and lowest prices of sovereigns in Calcutta and Bombay from 1896 to 1901.^a—*Con.*

	Shields.						Dragons.						Sovereigns.					
	Highest.			Lowest.			Highest.		Lowest.				Highest.		Lowest.			
1899.	R.	A.	P.	R.	A.	P.	R.	A.	P.	R.	A.	P.	R.	A.	P.	R.	A.	P.
August.....	15	1	6	15	1	0	15	0	3	15	0	3						
September.....	15	1	0	15	0	6	15	2	0	15	0	0						
October.....	15	3	0	15	1	0	15	2	0	15	0	0						
November.....	15	1	0	15	1	0	15	0	0	15	0	0						
December.....	15	2	0	15	1	6	15	0	3	15	0	0						
1900.																		
January.....	15	0	0	15	0	0	15	0	0	15	0	0						
February.....	15	0	3	15	0	0	15	0	0	15	0	0						
March.....	15	1	6	15	0	6	15	0	0	15	0	0						
April.....	15	2	9	15	2	6	15	0	0	15	0	0						
May.....	15	3	0	15	3	0	15	0	0	15	0	0						
June.....	15	3	6	15	2	6	15	0	0	15	0	0						
July.....	15	1	3	15	0	9	15	0	0	15	0	0						
August.....	15	1	3	15	1	0	15	0	0	15	0	0						
September.....	15	1	0	15	0	9	15	0	0	15	0	0						
October.....	15	1	6	15	0	9	15	0	0	15	0	0						
November.....	15	2	0	15	1	6	15	0	0	15	0	0						
December.....	15	1	6	15	1	3	15	0	0	15	0	0						
1901.																		
January.....	15	1	0	15	0	6	15	0	0	15	0	0						
February.....	15	2	6	15	1	6	15	0	0	15	0	0						
March.....	15	3	0	15	2	0	15	0	0	15	0	0						
April.....	15	2	0	15	1	6	15	0	0	15	0	0						
May.....	15	2	0	15	1	6	15	0	0	15	0	0						
June.....	15	3	0	15	2	0	15	0	0	15	0	0						
July.....	15	4	0	15	3	0	15	0	0	15	0	0						
August.....	15	8	0	15	4	0	15	0	0	15	0	0						
September.....	15	3	0	15	2	6	15	0	0	15	0	0						
October.....	15	3	0	15	2	9	15	0	0	15	0	0						
November.....	15	2	9	15	2	0	15	0	0	15	0	0						
December.....	15	2	3	15	2	0	15	0	0	15	0	0						

^aSee note on p. 37.

Chapter III.

LABOR.

CHINESE IMMIGRATION.

THE STRAITS SETTLEMENTS AND FEDERATED MALAY STATES.

The Straits Settlements consist of the island of Singapore, the island of Penang, with the adjoining Province of Wellesley on the mainland, together with the Dindings, and Malacca. These settlements were transferred from the Indian government to that of the secretary of State for the Colonies April 1, 1887. Since that date the Cocos Islands and Christmas Island have been placed under the government of the Straits Settlements.

Associated with the Straits Settlements are the Federated Malay States. The governor of the Straits Settlements is, ex officio, high commissioner for the Federated Malay States.

The total area of the settlements is 1,542 square miles.

The population in 1901 was as follows:

Nationality.	Singapore.		Penang.		Malacca.		Total.	
	Males.	Females.	Males.	Females.	Males.	Females.	Males.	Females.
Europeans and Americans.....	2,619	1,205	709	451	54	20	3,382	1,676
Eurasians.....	2,015	2,015	929	1,016	754	844	3,698	3,965
Asiatics.....	166,241	54,370	155,169	89,983	50,661	43,154	372,071	187,457
Total.....	170,875	57,690	166,807	91,460	51,469	44,018	379,151	193,098
	228,555		248,207		95,487		572,249	

The areas of the Federated Malay States, with their populations, in 1901, are as follows:

States.	Area.	Population.
	<i>Square miles.</i>	
Perak.....	10,000	328,801
Selangor.....	5,500	167,890
Negeri Sembilan.....	3,000	96,028
Pahang.....	10,000	85,419
Total.....	29,500	678,138

Immigration, necessity and extent.—The number of Europeans and Americans in the Straits and Federated States is so small that in order to develop these countries it is necessary that there should be a large working force of either natives or Asiatic immigrants. According to the universal testimony the Malays in both the Straits Settlements

and the Federated Malay States are averse to severe physical labor, and it has seemed necessary in order to develop the mines in the Federated States, as well as to develop the commerce, agriculture, and other industries in the Straits Settlements, that immigration be encouraged. This immigration has been, for the greater part, Chinese, although a very large number of Indians, mostly Tamils from south-eastern India, have also come to the Settlements. In 1901 there were in the Straits Settlements 281,933 Chinese, to be compared with a smaller number of Malays, 215,058, and with 57,150 natives of India.

Although at the present time in the Straits Settlements the Chinese outnumber any other nationality by far, and although there are in these colonies very many Chinese who are Straits born and who have become British citizens in the colony, a large number still arrive every year. For example, in the year 1900, although immigration from Hongkong and elsewhere was prohibited during several months of the year owing to the plague in those places, the number of Chinese immigrants, 200,947, including 20,270 women and children, was the largest recorded in any year since the foundation of the colony. During the years 1898 and 1899 the total numbers were respectively 133,558 and 149,697. Many Chinese are recorded as arriving at Singapore or Penang who merely pass through to the Federated States or to Sumatra, so that one should not assume that all immigrants stay in the Straits.

In the Federated Malay States on March 31, 1901, the population, as we have seen, was 676,138, of whom 303,364 were Chinese. In Perak alone the Chinese outnumber the Malays by 10,000, and in Selangor by 68,000. There has been also a very rapid increase in population during the last ten years, amounting to 61.55 per cent, the most remarkable increase being in the number of Chinese, which has risen during the last ten years from 163,821 to 303,364. The larger part, of course, of these Chinese are imported coolies, who have come to work the mines. In Perak alone, during the year 1900-1901, 69,808 Chinese arrived; over 41,676 emigrated, showing an increase of arrivals over departures of 28,132. It is noticeable in all countries where Chinese coolies are imported that most of them after remaining a few years return. Comparatively few of them bring with them their wives or children. Out of 69,808 arrivals, for example, in Perak in 1900, 6,732 were females, while only 735 were children under 10 years of age. As will be seen from the report on Indian immigration, many more Indian women and children come with the men, with the expectation of founding homes and becoming permanent residents of the country.

Development and resources.—Of the four Federated Malay States, Perak is the wealthiest, and that state and Selangor are much further advanced as regards industrial and political development than are the other two which came somewhat later under immediate British influence. In consequence it has seemed, for the purposes of this study, that it would be advisable to confine the report mainly to conditions in Perak and Selangor. In nearly all particulars their laws are identical, and the tendency is at present to make the laws for all four states identical, so that the Federated Malay States will not merely be united as regards certain matters of common interest, but so that their laws will also be entirely uniform. In most particulars they are modeled after the laws of the Straits Settlements. In consequence, in speaking of Chinese and Indian immigration, the laws of

Perak or of Selangor are quoted at times almost interchangeably. In those cases the laws of the two states are identical.

In both of these states the chief industry, the chief source of prosperity, and the chief source of revenue for the State is tin mining. Within the last few years there have been started promising agricultural industries in the nature of sugar planting, coffee planting, cocoanut groves, rubber plantations, etc. Within a comparatively few years it is to be expected that these will assume much greater importance. In Perak a beginning of the manufacture of marble has been made, and doubtless other manufacturing industries will be started in due time as the country develops.

According to the general testimony of Europeans, as well as of some Chinese and intelligent Malays, the immigration of the Chinese has not aroused the hostility of the native Malays, either in the cities or in the Federated Malay States. The native Malay has no inclination whatever for the severe work of the tin mines or for that of the sugar and coffee plantations; neither does he care to do the work of the ordinary coolies in the cities. The fact that large numbers of Chinese have come into the country has, on the whole, tended to furnish for him a somewhat better market for the provisions which he may raise on his own land, for the product of his fisheries, or for other products which he may manufacture. Furthermore, the prosperity of the colonies, brought about in good part by the labor of the Chinese, has served to bring to the towns European residents, and to attract many tourists who stop for a day or two on their journeyings east and west, and thus create a demand for some of his manufactured products, such as silk sarongs, krises, etc.

Measures to secure immigration.—For all these reasons, in order to secure steady immigration, various measures have been employed to insure the protection of the immigrants and their just treatment after they have reached the colony, as well as to encourage more of them to be willing to come to a foreign country, even though it be for a comparatively short time. The means employed are, in the main, the same in both the Straits and the Federated States.

The first and perhaps the most important single measure is that establishing the so-called protectorate of the Chinese. The whole machinery for the regulation of Chinese affairs centers in the Protector of Chinese, who is appointed under Ordinance IV, of 1880. His duties consist in carrying out the ordinances which affect Chinese immigration. Besides being the adviser of the Government in all matters which relate to the Chinese, it is his purpose to keep on friendly terms with the influential Chinamen as well as to be in reality the friend and adviser of all Chinese who come into the colony. He has under him an assistant protector in Singapore and two in Penang, together with such other subordinates as he needs in order to carry on the work. There are corresponding officials in the Federated States.

It is the duty of the protector to see to it that men from his office board all ships bringing Chinese laborers to the Settlements; to inspect the depots prepared for the reception of such immigrants on their arrival; to witness the contracts signed between them and their employers, after ascertaining, through careful inquiry, that the coolies understand fully the nature of the contracts which they are making; to inspect the lodging houses on the estates or at the mines where the coolies are employed; to act as the friend and adviser of the Chinaman

in case of dispute with his employer, although he is not, of course, expected in such cases to take the position of an advocate regardless of the interests of the employer; and to carry out in general all the detailed work of an office of so great importance. Not the least of his duties is to see that accurate records are kept which may be of service to the police force in keeping order, in detecting criminals, and in punishing, by banishment or otherwise, those who are attempting to use their influence with the Chinese for their own selfish ends or for disturbing the peace of the community. He has in all the states much discretion regarding the treatment of questions which may arise, and has also certain judicial powers in the settlement of disputes.

In addition to the Chinese protector, there are in Singapore and Penang Chinese advisory boards, made up (with the exception of the protector of Chinese in Singapore, who is the president of the Singapore board, and of the assistant protector of Chinese, who is the president of the board at Penang) entirely of Chinamen. These Chinamen represent different provinces of China from which the immigrants come, so that they can most readily understand the circumstances which it may be of service to know in dealing with the different cases which may arise.

Classes of immigrants.—Besides taking care to have the interests of the immigrants looked after by the protector of Chinese, efforts are also made to induce as many as possible, on reasonable terms, to come to the Straits Settlements for work in the provinces and in the Federated States. The coolies are ordinarily divided into two main classes, the free passengers and the credit-ticket passengers. Those belonging to the first class either really pay the passage themselves or else borrow the money privately to pay their passage, without obligating themselves directly to work off the debt incurred for their passage. Such passengers, of course, provided they pass the examination of the board of health, are not subject to control by the authorities, and are free to go where they please when they land. This class for many years has formed a large majority of the immigrants. In 1889, for example, the number of passengers who landed in Singapore was 98,592, of whom 86,630 were paid passengers and 11,962 were unpaid. In the year 1900, out of 175,414, 25,533 were unpaid passengers and 149,881 paid, the percentage of unpaid passengers having risen from 12.13 in 1889 to 14.56 in 1900.

Formerly there were two classes of credit-ticket passengers whose passages were paid by some person who held the coolies responsible. In earlier times coolies were sometimes brought down on credit by the ships, and were retained on board the ship until some one redeemed them by paying expenses and a certain margin of profit to the ship. This plan, however, has been practically entirely given up.

Under the second plan, which is still in vogue, a broker brings down the coolies on speculation, or after making an agreement with some estate or mine owner to take a certain number of them. These coolies, when taken from the ship, are regularly placed in a depot in Singapore or Penang, where they are kept behind locked doors under government inspection until the formal contract is signed with their employer. Ordinarily the employers have made their wishes known to the agents or brokers, and, in many cases, these in turn have practically made contracts through their agents in China with the

coolies, so that the formal contracts are signed within a day or two, and the coolies are taken at once to the estate or to the mine where they are to work. In case a coolie has not been engaged within ten days, he can not, under the law, be forcibly detained in the depot longer. If the reason for his failure to make a contract is that he is permanently incapacitated for work, he must be returned to China at the expense of the agent. If he is unable to get a contract simply on account of a slack demand—a case which very rarely happens—the protector of Chinese often persuades him to remain in the depot for some days longer under the suggestion, which doubtless at times may be taken as a threat, that he is likely to get into trouble on the streets with others, when it would be necessary to arrest him and lock him up. The protector, of course, makes every effort, as does the agent, to secure good contracts for all as soon as possible.

Wages and cost of importation.—In the Straits Settlements at the present time, at any rate in Penang and the province Wellesley, the usual amount charged for passage and expenses is \$19.50. The Chinaman is expected to work three hundred and thirty days in the year. In case the employer makes advances, so that the entire amount is not repaid within the year, or if, through the fault of the Chinaman on account of imprisonment or other similar reason, he can not work out the contract within the year, he may be held for debt longer, but in any case for not more than two working years.

The wages regularly paid vary somewhat with the kind of work and with the different years. Those working on the plantations perhaps most frequently get about \$30 (the silver Straits dollar) the first year, from which the cost of transportation and support (\$19.50) must be deducted. Those working in the mines receive more, ordinarily \$42 for the first year. The coolie is usually supplied free with lodging, food, and a certain amount of clothing, although the usage differs somewhat in different places.

Contracts.—Two forms of contracts are common. Under one, the more usual one for the credit-ticket coolie, the employer agrees to pay a certain amount per year, as has already been suggested, with certain provisions regarding the number of hours to be worked each day, number of days to be worked in the year, provisions for the laborer's arrest if he shall abscond, etc. (See Appendix I for such form.)

On agricultural estates, and in connection with the mines in the Federated Malay States, it is common for the coolie to take certain jobs at special rates instead of working by the day. Under those circumstances he is not limited as regards the length of time he shall work each day, and he has the opportunity of making considerable more than would be possible under the daily wage. The Chinese much prefer this form of contract whenever it is practicable, and their work under this form of contract is ordinarily more satisfactory than under the other. The law permits, in most cases, the substitution of certain tasks at fixed rates instead of the contract by the day, provided the task set has the approval of the protector of Chinese. (For this form see Appendix IV, which is fairly typical.)

In the working of the tin mines, however, the most common custom is for the coolie to work on the cooperative plan. The mine owner receives, under the ordinary contract of this form, 10 per cent of the entire product for his share. The person who makes the advances of

food, of necessary capital, and so on, makes his profits through the gains regularly made in supplying these goods. The remainder of the income from the sale of the ore is divided among the workers. When a Chinese miner takes a share in a mine worked on this cooperative plan, he is not compelled himself to take part in the actual labor, but is permitted, if he prefers, to furnish a substitute. Such contracts ordinarily contain careful rules regarding the hours of labor, the number of days to be worked each month, the forms of accounting, regulations for keeping the peace, etc. They have to be registered in the office of the secretary for Chinese affairs, and this secretary is ordinarily referred to in case of disputes. (Appendix II gives the usual form of contract for working a mine on the cooperative plan.)

This form of contract seems to appeal to the Chinese coolie, who, under most circumstances, is fond of gambling and speculation in any form. It seems to be a very common experience in these States, however, that the persons who advance the money for opening the mine and who supply provisions, tools, etc., together with the Chinese manager, who has the distribution of such supplies, make the chief profit. The coolies are, of course, sure of food, clothing, and some advances for opium, etc., but the accounts at the end of the year very often show that there is no surplus left to be divided among the miners, while it is not uncommon for the advancer, who, to all appearances, is rapidly growing rich, to be compelled, according to the accounts, to lose part of the sum which has been advanced. The profits that he makes on his supplies doubtless are sufficient to enable him to endure these losses with a reasonable degree of equanimity.

Control of the coolie.—After the coolie has received his advance it is not uncommon for him to endeavor to abscond and to reengage with another employer. The laws to prevent this are somewhat rigid. The absconding coolie may be arrested by the employer and taken before a magistrate, who, if the case is made out, will impose a fine, which must be worked out by the coolie. In case the coolie has already engaged for work upon another estate, so that there is no danger of his escaping, he can be arrested only on a warrant issued by a magistrate.

The provisions regarding the arrest of the coolie are accompanied by others for his protection. In case he feels that he has cause for complaint against the master, either for violation of contract or for hardship or illegal treatment, the employer is compelled, on the coolie's request, to bring him at once before the magistrate in order to have the matter settled. If the complaint is unjust, the coolie will be fined. If the complaint is a just one, the penalty against the employer is severe. Similar arrangements are made in case the employer causes the arrest of the coolie without sufficient cause.

Health.—The State also endeavors to make careful provisions regarding the health of the coolie laborer. Careful regulations are made to secure a sufficient supply of water for drinking purposes and for bathing; the food must be sufficient in amount and of satisfactory quality, to be approved by the protector of Chinese; the lodging houses must be in size and arrangement satisfactory to the protector of Chinese as regards healthfulness. Naturally they are rude in construction, but in many instances they are doubtless better than the coolie worker has been accustomed to in his own country. Each coolie has usually a small platform some 3 or 4 feet above the ground and perhaps 7 by 5 feet in size. This is covered with mosquito netting to form a sort of

tent. On the platform he places his sleeping mat and makes whatever arrangements he pleases for his other few possessions. The picture inserted will serve to show the general external nature of the lodging houses for the coolies.



Lodging house for Chinese mining coolies.

After the immigrant's contract has expired he becomes a free coolie, at liberty to make contracts to suit himself. These older coolies (laukehs) are, of course, at the present time much more numerous than the contract coolies (sinkehs). They are ordinarily able to secure somewhat higher wages, and they are the ones who most frequently undertake work by the job.

Inspection and control.—It is the duty of the protector of Chinese to visit, either in person or by deputy, from time to time, the various estates and mines on which the contract coolies are employed, and to make careful inspection regarding their lodging houses, their food, their hours of labor, the nature of the job work assigned, etc. At such times the coolies are encouraged to present to the inspector any complaints which they have, and such complaints are not rarely forthcoming. They may be regarding personal abuse, such as striking the coolie or other form of cruelty, though such complaints are probably more commonly brought directly before a magistrate, or they may be regarding some breach of contract by the employer, such as attempting to detain the coolie after his proper period of service has expired. Although each contract is fully explained to the immigrant before it is signed, the most common complaint is one that comes from some misunderstanding of the contract or from the belief that the employer has made an attempt to cheat regarding the number of days worked. As, however, it is the duty of the employer to have posted each month in the general lodging house a list of all the employees with a statement of the time worked by each and the amount still due, these misunderstandings are comparatively easily settled.

It seems to be the universal testimony, not merely in the Straits Settlements, but also in the Federated Malay States and in Sumatra, that the Chinese coolies are, as a rule, peaceable and comparatively easily controlled, when one considers the large numbers, sometimes running up into the thousands, that are often associated together in one camp. Each mine or plantation regularly has a Chinese headman,

who serves as a go-between for the estate or mine manager and the men. Experience shows that where abuses have arisen they have more frequently come through the criminal acts of this Chinese boss, who at times fails to interpret properly the wishes of the manager to the men in his charge. The Chinese boss is also more likely to treat his countrymen cruelly than is the European manager.

Naturally among so many men there are at times quarrels, thefts, and other crimes, but so long as they are regularly employed such things are, relatively speaking, rare. When the Chinese become free from their contracts it happens at times that they associate together as bands of robbers or gamblers, and in this way make trouble for the authorities. The universal opinion, however, is that there is no more of this kind of trouble than is to be expected from so large numbers recruited from among the lower classes of the population, and that there is less trouble than would arise were Europeans or Americans thus crowded together in so large numbers.

Chinese secret societies.—The Chinese, as is well known, are accustomed to form secret societies, and to carry out their wishes through the influence of these societies. In somewhat earlier times in both the Straits Settlements and the Federated Malay States, it was found that these societies at times were made in order to protect members from the effects of violations of the law. At times also societies organized for worthy motives became rivals in business matters, and so fierce conflicts arose among them that they led to serious disturbances of the peace. In consequence, the government of the Straits Settlements has found it necessary to forbid secret societies among the Chinese, although societies may be organized for certain worthy purposes when registered with a governmental authority, who can thus keep a sufficient amount of control over them.

The police and the Chinese detectives employed by the police are continually on the watch for the formation of illegal societies, and the most usual form of dealing with them is to banish, either temporarily or permanently, their leaders. Of late years, although several persons are banished each year, there has been comparatively little trouble from this source.

Gambling.—The question of gambling is one of great importance and one which is treated differently by different States. Owing largely to public sentiment in England, it has been thought best to prohibit gambling in the Straits Settlements, and persons detected in keeping gambling houses are arrested and punished. In the Federated States it is usual to sell a gambling farm. The farmer has a monopoly of opening gambling houses for Chinamen under the restrictions laid down in the law. Ordinarily the chief farmer sublets this farm in the various localities to those who themselves conduct the gambling houses. The farmers thus licensed by the government are held responsible for conducting their gambling houses in accordance with the law. It is generally urged in these States that it is impossible to prevent the Chinese from gambling, and that in consequence it is much better to have them compelled to gamble in places that are properly regulated and subject to inspection at any time than to have them consort together for this purpose in disreputable places where the gambling carried on in secret is much more likely to lead to crimes of violence than when conducted in a more open manner. In addition to this advantage, the State, of course, derives therefrom a very important revenue.

Opium traffic.—Another source of revenue of importance in connection with Chinese immigration is the importation and sale of opium. This, in the Straits Settlements, as well as in the Federated States and in part in the Dutch colonies, is controlled by means of a farm. The right of importing opium for ordinary use is sold, presumably to the highest bidder, although the government regularly exercises a certain control over the letting of the farm, to see that it is placed in trustworthy hands. This farmer then assumes the full responsibility for the importation of the opium, paying the proper duty upon it, when an import duty is levied, as in Perak; paying proper licenses for its sale, when that system is adopted, and carrying out all regulations regarding the sale. In the Straits no one but an adult Chinaman is allowed to smoke opium in an opium farm shop. Opium can be sold only for cash. It can not be sold at all to any European or native soldier without written permission from the commanding officer. The price is fixed by the governor, the quality is regulated by a government chemist, careful inspections are made, and every provision possible is made to protect the farmer on the one hand, and to protect the government and the public on the other. Somewhat similar provisions are made in the Federated States.

Prostitution.—It has been necessary also to take some special measures regarding prostitution. It was found that in a good many cases young girls were being imported for immoral purposes. In consequence specialacts for the protection of women and girls have been passed, and the Chinese women coming into the State are placed under the control of the Protector of Chinese. A register is kept of them, and wherever the need is felt of making the record more complete their photographs are kept, and in certain instances bonds are required to secure their proper treatment. In the Federated Malay States a home for women and girls has been founded, in which can be placed those women rescued from brothels who might otherwise be forced to continue an immoral life against their will. All such women are given the following notice in English and Chinese: "Whenever a prostitute or girl has a grievance, she may come to the protectorate and complain. Anyone who dares to prevent her will be arrested and severely punished without mercy."

Privileges of citizenship.—In the Straits Settlements the laws do not discriminate between the Chinese, Malays, East Indians, and Europeans as regards the privileges of citizenship, such as voting, tax paying, property holding, etc. The Chinese have been coming into the colony for many years, and many thousands of the Chinese now in the Settlements are Straits born. Whenever they meet the ordinary requirements for other British subjects of birth in British territory, or a sufficient period of residence for their naturalization under the laws, the payment of full taxes, etc., they are given the full protection of British citizens wherever they may go, and in the municipalities where voting is allowed they have the same right as voters that are possessed by other British subjects. It is not uncommon for influential Chinamen to be members of municipal councils, and the Chinese community is regularly represented by Chinamen on the council of the governor and on important commissions of various kinds.

Social and economic conditions.—The effects of this liberal treatment of the Chinese in the Straits are very noticeable. In the first place it is the universal opinion that the remarkable development of the Straits

Settlements in wealth and prosperity is very largely due to the Chinese immigrants. The Chinese, so far as ordinary labor is concerned, are more intelligent, trustworthy, and thrifty than either the East Indian or the Malays.

Again, there seems to be no reason for thinking that the native Malay has, generally speaking, been injured by the admission of the Chinese. The Malay does not care to perform the ordinary coolie labor, such as is in most cases undertaken by the Chinaman. He will usually not work regularly on the sugar or coffee plantations, or in the mines. He much prefers to make what income is necessary through fishing, of which he is very fond, or driving horses, or selling the produce from his farms, etc. The influx of Europeans, as well as the accumulation of capital by Chinamen, has led to a much greater demand for the products of Malay labor than would otherwise have been the case, and it seems to be the practically universal opinion, not merely of the Europeans, but of the influential, thoughtful Malays as well, that the immigration of the Chinese, instead of depriving the Malays of labor, has rather furnished them a market for their products at higher prices than it would have been possible otherwise for them to secure, and has thus secured a demand for the only kinds of labor which they are willing to undertake.

There seems to be very little, if any, jealousy of the Chinese on the part of the Malays, excepting in country villages, or objection to their importation. One does hear, on the other hand, certain complaints made by Europeans and others regarding some of the customs of the Chinese. The Chinese are thrifty and they are in the habit of living together in such crowded quarters that at times they endanger the sanitary welfare of the community. This requires more careful watching on the part of the health authorities than would otherwise be needed, but in this particular the health authorities are ordinarily supported by the more intelligent Chinese.

Again, the Chinese, through their thrift, have acquired much property in the larger places. A common saying is that the cities of Penang and Singapore are owned by the Chinese, and there can be no doubt that a very large percentage of the valuable business property, as well as of the lands and houses used for residential purposes, are in the hands of the Chinamen. It is said that when, in Singapore or Penang, a European about to return home finds it necessary to sell his house, the purchaser is very likely to be a Chinaman. Many persons feel that this fact is one to be deplored. On the other hand, those persons who have property to sell, and those who consider chiefly the financial welfare of these cities, see no harm in this tendency. The Chinese pay more than the Europeans. They are willing to take a stake in the country by investing their property there, whereas most Europeans expect to return to Europe after retiring from a business career. The Chinese are always ready to rent their houses. Although they are desirous of making money, they are in many cases not bad landlords. Where the Chinaman is allowed, however, to come freely into the colony, to purchase property there wherever he will, and to engage in whatever business seems pleasing to him, it is certain that in a few generations he will own a large percentage of the good property, and will become, in consequence, very influential.

It should be borne in mind also that, although the wealthy Chinaman builds fine houses and spends plenty of money upon clothing, fine

equipages, liveries, etc., he has not yet been received socially in any of these Eastern colonies on quite the same terms as a European, although when they are men of influence the Chinese are often invited to attend public functions, to serve on commissions, etc. The consequence of this social position of the Chinaman, therefore, is that when he buys property in a European residence quarter for himself to occupy it is likely to make that quarter somewhat less desirable as a residence section for Europeans. The social grouping of the city is perhaps more natural when the Chinese are restricted somewhat, as in Java, regarding the places in which they are permitted to buy real estate. Many Europeans feel that the questions of crime and exploitation of the natives by money lenders, pawnbrokers, and others could be more satisfactorily handled if the Chinese were segregated, as in Java, and were not allowed to move about freely. Those who emphasize the mere commercial prosperity of the colony would not approve of any such restrictions.

English political control.—Even in the Straits Settlements, where the Chinese are received on more liberal terms than in any other country perhaps, it is felt by most Europeans that they should not be given quite the same voice in the government, as white people have, even though they are British citizens. In municipal affairs they are allowed to vote on the same conditions, but the government of the colony is so largely appointive that a majority of those who direct affairs, both in the colony and in the municipalities, are sure to be Europeans. If there were any danger of the Chinese securing a majority on either the municipal councils or in the central government, there can be no doubt that the British would be more strongly inclined to restrict the Chinese than at present.

Social results in the Federated States.—The social and political conditions in the Federated Malay States, as well as the parts played by Chinamen are quite different from those in the Straits Settlements. In the Federated Malay States the Chinese residents are, for the greater part, coolies, although there are also in the towns a goodly number of merchants and many skilled workmen—carpenters, shoemakers, etc. As yet, however, comparatively few of them are to be reckoned as in any sense competitors of white labor or of Malay labor. In these States there were tin mines to be developed and the Chinese coolies were imported to aid in their development. Had the Chinese not come, the mines would have remained undeveloped. The effect of the importation of the coolies, therefore, can be seen most readily from the account of some of the most important revenues of the State. Taking Perak and Selangor as typical, we find the following results: In 1901, out of a total revenue of \$7,636,126.76, \$4,644,602.81 were derived from customs. This means, practically, from the export duty on tin. The receipts were rather unusually large in 1901, owing both to the large amount of tin extracted and to the fact that its price was high, the rate of duty varying with the price as shown in Appendix V. The next most important source of revenue is from railway receipts, \$933,301.34; but the income from licenses, \$932,060.10, stands a close third, and this source of income is chiefly due to the Chinese, "whose luxuries and vices are taxable," as said by the resident-general. These licenses, of course, are chiefly for the sale of opium, of which the chief consumers are Chinamen. The land revenue, the

fourth item of importance, \$351,451.36, is paid very largely by the native or European holders, although on the agricultural estates, in certain instances, Chinese coolies are employed to a considerable extent.

The corresponding figures for Selangor for the year 1900, those for 1901 not being available, show somewhat similar results; the duty on tin paying \$2,695,828; the railways \$1,072,379, with the land revenue only \$216,993, the figures for licenses not being available.

It may, perhaps, be worth while to call attention again to the fact that, according to the best sources of information, this relatively speaking large income for a small State, which is due chiefly to the presence of Chinese laborers, seems to have come to the benefit of all classes of the population. Not merely are the native rulers naturally pleased with the increased income, but the native workmen are also very greatly benefited. They are entirely unwilling themselves to undertake the severe, unremitting labor of the mines, but the prosperity of the State has supplied them with most excellent roads, has opened for them particularly good local markets for their produce—fish, vegetables, etc., as well as for a kind of labor which they much prefer, such as the driving of horses, managing of boats, etc. In addition to that the prosperity of the State has aided them to drain and irrigate their rice fields, and has in many cases opened to them offices under the government to which fixed salaries and pensions are attached. The result of the continued importation of Chinese laborers seems, on the whole, to have made the native Malay entirely friendly and satisfied with the presence of the Chinese in the work which the Chinese ordinarily do. There are complaints, to be sure, that the Chinese itinerant peddlers and small shopkeepers have entered the country villages, and through their skill as salesmen particularly, combined with their readiness to give credit, have obtained a hold over the natives which has doubtless proved injurious in many cases. These evils might doubtless have been avoided often by certain restrictions upon Chinese immigrants such as are employed in Java, without depriving the Malay of the undoubted benefit of the profitable labor of the Chinese coolies.

EAST SUMATRA (DELI).

Agricultural conditions.—The situation in East Sumatra (more frequently called Deli) as regards Chinese coolies is similar in many respects to that in the Federated Malay States, but the Dutch have followed quite different methods of procedure both in securing immigrants and in controlling them after their arrival, so that the subject needs a separate treatment.

By far the most important industry in Deli is that of tobacco growing. Within the last thirty years the success of this work has opened the country in a most remarkable way, and has resulted in making of what was formerly almost a trackless forest or waste of uncultivated lands a very prosperous colony, with well-made roads, flourishing plantations, progressive towns, and a civilized administration of the laws.

Character of workers.—In Deli, as in the Federated Malay States, it is found that the native population, Malays, can not be persuaded to do the regular drudgery of the plantations. At any rate, no rates of pay yet offered them have so persuaded them. The plantation work is

practically all done by the Chinese coolies, and the more skillful carpenters and other trained craftsmen are also Chinese. For building the thatched sheds that are needed for drying tobacco, as well as for digging drains and the performance of other work requiring comparatively little skill Javanese laborers are to a considerable extent imported from overpopulated Java. The native Malays are, in some cases, used for clearing off the forests, although even here it is found that they can not be trusted fully to clean up the land and prepare it for cultivation. The Singalese and Boyanese are used as teamsters and for other work which is to their taste. In Sumatra also, if one may accept the testimony of practically all persons, those without interest in plantations as well as those who have such interest, the Malays have no objection to the importation of the Chinese to do the labor which is ordinarily assigned to them. Doubtless there is more or less race feeling here as elsewhere, but the Malay gets the benefit of the increasing prosperity of the colony and of the better market for his fish and vegetables. Those Malays who object to the Chinese, as in the Federated Malay States, are said to be only those who prefer the uncivilized forest life to the development of the country in the direction of the higher civilization.

Immigration methods.—The Chinese are sometimes brought into the country from Singapore or Penang, or direct from China through brokers, in accordance with the system already explained in connection with the Straits Settlements. There seems, however, to be much more done in the way of direct importation by the planters themselves. Some of the plantations have sent their agents direct to Swatow or Hongkong to make arrangements with the Chinese coolies there. The larger part of the importation of labor, however, has been done through the Planters' Association. This is an organization of companies owning different estates, and in 1899 it represented 74 separate estates. This association has an immigration bureau and keeps in China its own agents who make the bargains with the coolies. The contracts are formally signed, in most cases, in Sumatra under the supervision of the Chinese protector.

Nature of contract.—While the usual form of contract provides for regular pay, ordinarily \$6 silver a month to begin with, it is usual, especially after the first year, for the coolies to work by the job; that is to say, they are furnished a certain piece of land by the planter and raise their own tobacco, which they sell to the planter at a certain fixed price. Working in this way, the average annual earnings of the Chinese are probably as much as \$125.^a

In order to protect the Chinese to a certain extent against the effects of their own vices by insuring that they shall have at least something to eat, it is the custom to furnish to the Chinese each month \$2 worth of rice. On each pay day, of which there are two each month, each coolie, whether working by the job or on contract, receives a ticket for \$1 worth of rice. They are not allowed to receive cash for

^aThe money employed on the plantations, as well as elsewhere in Deli, except in connection with Government business, is regularly the Straits dollar, although the Dutch guilder is the legal standard. The Straits dollar and the so-called bank notes issued by the Netherlands Trading Company in terms of dollars form the currency ordinarily employed, and all the dealings with the Chinese are regularly expressed in terms of dollars. For further details see pages 25 ff.

this, but must take rice—this to prevent their gambling away everything that they have. So far as the rest of their income is concerned, it is paid in cash. The estates furnish regularly lodging and medical attendance free; the coolie pays for his rice, his opium, clothing, tools, and whatever else he needs. Each estate keeps a store where he can purchase these things at a price fixed by the manager. As a rule, these prices are held at not much above cost, and in some cases rice and opium are sold at a loss, especially when the price in the general market is high and it is feared that the Chinese would demand higher wages if they were compelled to pay the regular market rates.

Statistics.—In 1900 there were on the 74 estates belonging to the Planters' Association 62,468 coolies, classified as follows:

Contract Chinese coolies	36, 509
Noncontract Chinese coolies.....	1, 758
Singalese (Klings).....	2, 412
Boyanesse.....	2, 566
Javanese.....	14, 139
Contract women (Javanese)	5, 084

It is probable that much the same proportions of the different classes are used generally on the estates not belonging to the association, but the regular work of tobacco planting is practically all done by the Chinese.

Provisions for care of coolies.—On the larger plantations there are hospitals for sick coolies. In most cases these are good buildings, well appointed, and with every provision for the comfort and care of the coolies that is to be found in government hospitals in the Straits Settlements and elsewhere. If the estates are, relatively speaking, small, several may join together in providing a hospital, but under the terms of the contract it is the duty of the plantation to provide in some way suitable hospital accommodations.

The Planters' Association is important enough so that it has its special depot for the reception of new coolies just coming from China in which they remain the two or three days necessary for their examination and distribution to the various estates. This depot is in the suburbs of Medan, the capital of East Sumatra. The houses are large one-story buildings, situated in an open space with wide lawns, which are kept in good order. Each house would easily accommodate two or three hundred. They are kept thoroughly clean. The coolies sleep on mats placed on benches running along each side of the room, the usual form of bed provided for coolies on the estates and in the mines, and even in the hospitals. At one end of the house there is a bathroom, with toilet accommodations at one side and a large tank kept full of water, so that the men can bathe freely by dipping the water over themselves according to the usual custom followed in these countries. The accommodations are very comfortable and healthful.

This association has also provided a home for those coolies who are permanently disabled, and who, for whatever reason, can not conveniently be returned to China. In this home they are comfortably lodged, and suitably fed, and opportunities are given those who are able to do light work to busy themselves in weaving mats, sewing, and performing such other productive work as lies within their power and inclination.

Gambling.—It is usual for the larger plantations to provide a house for gambling and other entertainments for the coolies. In East Sumatra gambling is farmed out by the Government to a Chinaman of influence, and, other things equal, is sold to the highest bidder. This farmer regularly sublets his right to the Chinese headmen on the separate estates, who, in turn, supervise the gambling, receiving for their profit 10 per cent of all the winnings. While the gambling farm is a very important source of revenue for the province, the farmer has also invariably become wealthy, and it is believed that the Chinese headmen on the estates receive large incomes from this method of controlling and using this vice of the coolies. It is argued by the Government officials as well as by the plantation owners that, inasmuch as the Chinese will gamble under any circumstances, it is much wiser to permit it by law and to put it under proper restrictions.

The gambling is nearly all done at the seasons of the year when the tobacco is being cured and sorted, so that the workers are brought together at the central part of the estate. Provision is also regularly made by the person who controls the gambling on the estate to supply each season one or two weeks of Chinese theater by hiring a regular troupe to give performances. For this purpose, in connection with the gambling houses, there is a room with a stage for theatrical representations. The European managers of the estates, so far as can be learned, do not regularly take any active part in the control or share the profits from the gambling. They do, however, recognize that there are certain indirect advantages coming to them from gambling on the estates, and in consequence do not object to providing gambling houses. It is not uncommon for the European managers, during the gambling season, to go into the room once or twice with small sums, \$10 or so, to gamble with, thus giving their approval to the custom. If they should be fortunate enough to win, their winnings are usually scattered among the coolies present.

A very large percentage of the coolies, through their passion for gambling, lose practically all that they have earned during the year. The employer then finds them ready to enter into a contract for the succeeding year on favorable terms. It is perhaps this fact as much as any other that leads the plantation managers to incur the expense of building and keeping up gambling houses. They can keep the Chinaman good-natured, on the one hand, and will have the first opportunity, on the other, of getting the benefit of the loss of his money. Striving to improve the morals of the Chinese coolies seems to form no part of the business of tobacco planting. It is considered sufficient to look fairly well after his physical needs.

Savings.—In spite of the fact, however, that many of the coolies from year to year lose practically all of their earnings, a good many return to China, having succeeded in making savings. The figures of savings are naturally not available. The larger estates, however, and the Planters' Association offer to give, free of charge, drafts on China to coolies who are returning and who prefer to take their earnings in that form instead of taking the risk of carrying the bulky silver with them. The figures for the drafts from separate estates are not available, but the Planters' Association, representing 74 estates, gave drafts in 1899 to 1,934 Chinamen for sums amounting to \$260,124.38. In 1900 from these estates 1,835 returned to China. Of these 1,539 took

drafts with them amounting to \$215,412.50. During the last twelve years the association has given drafts to such returning coolies amounting to \$1,912,945.88.

Doubtless in addition to these drafts much money has been taken in the form of silver carried by the Chinamen themselves.

Treatment of coolies.—There are doubtless on these estates, in spite of the provisions for the care of the coolies, many individual cases of harsh treatment. The number of these cases, however, it is believed, has been very much less of late years. The Government has passed rigid laws forbidding mistreatment of the coolies, and according to the statement of both Government officials and planters these laws are enforced with considerable strictness. In fact, the planters do not hesitate to say that the Government seems to be prejudiced in favor of the coolie, and the planter is likely to get the worst of it provided any matter goes before the courts. It is felt also that the Government inspection as regards contracts and the enforcement of the contracts in detail on the estates has affected materially the profits of the planters. In spite of this fact, however, it is generally believed that the plantations could not succeed with any labor other than that of the Chinese.

The Chinese as settlers.—The Government also in that locality seems to desire to encourage the Chinese, after their contracts with the planters have run out, to become permanent settlers. In the neighborhood of the towns certain small pieces of land are given them on easy terms, and they are encouraged to become gardeners and by earning their living in this way to provide for the towns necessary vegetables and fruits. Some of the estate managers are of the opinion that in this way again the Government is willing to sacrifice the interests of some of the planters whose estates are located near the towns for the sake of securing lands to be given into the hands of Chinamen, who are considered settlers of such excellent quality.

Control of the Chinese.—On the other hand, the Chinese are managed in the towns and, in general, in Dutch East India with a great deal of care. In the towns regularly certain sections are set aside for them, and they are not allowed to purchase property or to live outside of these quarters. There is appointed also by the resident a "Captain China," who has general supervision of the policing of the Chinese quarters, of sanitation, and, in general, of the care of the welfare and discipline of the Chinese. He regularly receives no pay for this work, but in his position as tax collector is allowed a certain percentage for that work. He employs his own assistants and sees to giving them whatever they get for their work. It has happened, at any rate in Deli, and this is doubtless the case elsewhere under Dutch administration, that the Captain China, in whose hands these powers rest, has been also the owner of the opium and gambling farms, so that his various relations with the Dutch Government have furnished him with the means to secure large profits.

This system of control of the Chinese will be developed more fully in connection with the relations of the Chinese to the government of Java.

The currency situation.—Under the discussion of the currency question, attention was called to the fact that in East Sumatra, although the legal currency is the Dutch guilder, the currency commonly in use

INDIAN LABOR.

CEYLON.

Introduction.—Several of the English colonies, which are rapidly developing and which have felt the need of immigration, have been able to make arrangements to secure Indian coolie labor. Ceylon and the Federated Malay States have secured labor chiefly from southern India, those emigrating from their homes being mostly Tamils. Burma receives many laborers also from Madras, but some come from parts of northern India. The tea estates in Assam seem to be served largely with coolies from Bengal and the central provinces.

So far as one can learn, in all of these countries mentioned there is no hostility on the part of the native populations to this influx of coolies. The Burmese, the Malays of the Federated Malay States, and the Singalese in Ceylon do not, as a rule, care to do heavy coolie labor unless they receive very high wages by so doing. They prefer rather other kinds of labor for which the influx of coolies and the consequent development of the country in many cases make an increased demand.

Economic condition of emigrants.—The conditions in many of those parts of India from which coolies come are such that the coolies are willing to leave their homes, at any rate for parts of the year, in order that they may work on the estates, even though the wages are not especially high. In 1900 the government of India called for reports on the material conditions of the lower classes of the population of India. From these reports it appears that in many places in southern India the agriculturists live miserably and have difficulty in finding a sufficiency of food. Even in cases where they seem to be reasonably well fed their condition is, generally speaking, one of abject poverty, and they are kept from suffering physically only on account of the mildness of the climate and the fewness of their wants. European residents speak of much of this territory as a "region of extreme scarcity, though not usually of famine."

Statistics.—According to the last census, 1901, the total population of Ceylon was 3,576,990. Of this number the Tamils, a large proportion of whom are either themselves immigrants or the children of immigrants from southern India, numbered 952,237. On the estates which particularly interest us in this study, there were 441,523, an increase of 68.4 per cent during the last ten years. This large increase is doubtless due almost entirely to immigration. The increase of the entire Tamil population was 31.4 per cent, whereas in the northern province, which contains the bulk of the home born Tamil population, there was an increase of only 7.4 per cent. Speaking generally, the heavier coolie labor on the estates is done by the Tamil immigrants; those estate laborers who are Singalese do not appear in the census returns, inasmuch as the Singalese are likely to live near the estates in their own homes and do simply daily labor.

The immigrant population is by no means made up only of those who come to Ceylon to make their permanent homes. A very large proportion of those who come to work on the estates work only for a part of a year, or for two or three years at most, and then return, a fact shown by a comparison of the immigrants from southern India

into Ceylon in the year 1900, 86,055, with the number of those that emigrated from Ceylon to India, mostly returning immigrants, 52,607.

Wages.—The rates of wages vary more or less in the different parts of the island, and particularly in the different kinds of employment. Agricultural labor in the western and central parts of the island may be said to average in the neighborhood of 33 to 35 Ceylon cents per day. In some of the other provinces they will average from 5 to 8 cents more per day. Domestic labor averages probably not far from the same amount, but the variations are much greater; and in some cases with the wages for domestic labor food is included, whereas that is not included in the wages paid on the estates, although, as we shall see, rice is often furnished at fixed rates. In the trades wages will run from half a rupee to a rupee, taking the island as a whole.^a

As has been intimated, it is customary for the estates to furnish rice to the coolies at a certain fixed rate. Ordinarily speaking, the estate does not aim to make any profit from the rice, although, in not a few instances, the profit is intended to be enough to make up for losses that come from the advanced payment of the fare from India to Ceylon, etc. When the price of rice has gone up suddenly, there are cases in which the estate owners have continued to furnish rice for the same rate over considerable periods of time, even when this involved a direct loss.

The estates furnish also to the laborers, as is usual in the Orient, lodging places, and in cases of sickness medical attendance and hospital accommodation.

Transportation.—The cost of transporting coolies from India to Ceylon is very slight. Ordinarily when the passage can be made at the northern part of the island, the cost is only 1 rupee. When, as during the last year or two on account of the plague, the northern route is closed and the coolies are compelled to come from Tuticorin to Colombo, the single fare is 3 rupees, substantially \$1 in American money, which includes also the embarking and landing charges.

The Government expenses are very much more than the amount recovered for the Government fares. For example, during the year 1898 the expenses were Rs. 102,498.58; the amount recovered from passage money was only Rs. 7,670.75. The Government expenses include the maintenance of grounds at the coolies' depot, medical services on board vessels, hire of vessels, maintenance of hospitals, salaries of immigration officers, with expenses, etc.

In order to protect the coolies on the one hand and the inhabitants of Ceylon on the other against possible infection from plague or cholera, the coolies are compelled to go into camp on the Indian side for a brief time until they can pass the medical examination, and when landed in Ceylon they must again go into a coolies' depot until they can pass medical inspection. Provided there is any danger from cholera or plague infection, they must remain in quarantine until such danger is past.

Contracts.—The larger proportion of the coolies come over as free coolies. They then make verbal contracts, good for a month at a time, or they may make written contracts for a period of not over three years. In the case of the contract coolies the employers not uncommonly make

^aA rupee is equal in value to 32.4 cents American. The Ceylon rupee contains 100 cents.

advances to pay the expenses of immigration. In case of illness on the part of the coolie so that he is permanently disabled, he may be returned to India at the expense of the estate, all other charges being borne by the Government and the medical aid fund. A medical officer visits the different estates and has practically complete charge of the sick coolies, even as against the estate owners. Medicines are also furnished to the superintendents of the estates at cost, and the fees for the visits of medical officers for the attendance of certain classes of cases, etc., are fixed by law. Nonworking wives of laborers are to be treated as if they were laborers so far as the supply of their medical wants are concerned.

A medical aid fund is formed from an export duty of 10 cents per hundredweight on coffee, tea, cacao, and 5 cents per hundredweight on cinchona, from fees levied for visiting sick laborers on estates, and from the money that is received for the laborers sent to the hospital. These funds are devoted to defraying the expenses incurred under the ordinance.

Treatment on estates.—There have been a good many charges made by the natives of Ceylon and by those who were not interested in the production of tea and coffee, to the effect that the coolies on the estates were treated at times with great cruelty and were practically enslaved. It is probable that, particularly in earlier times, there was not a little truth in these charges. At the present time, owing to the careful supervision of the Government, so far as one can gather from those men who are closely conversant with the situation, there is little cause for complaint. Probably individual cases of harshness occur at times, but if the coolie is willing to make complaint, he is protected by law against either abusive treatment or any attempt at cheating in connection with wages on the part of the employer. On the other hand, the employer has the assistance of the court in forcing the laborer to do the work which he has contracted to do. So far as one can learn the system of importing coolies gives, on the whole, satisfaction both to the coolies and to the employers, and there is little, if any, jealousy felt on the part of the native Singalese. If he did not treat his coolies fairly, owing to the ready means of communication among coolies on different estates and between returning coolies and those who might be willing to come to Ceylon, the unkind and unjust master would find it practically impossible in many cases to secure needed help, whereas those who dealt justly with their men would find a reasonable supply.

BURMA.

Conditions.—In Burma the situation is somewhat similar to that in Ceylon, with the exception that the nature of the work to be done by the immigrant is quite different. In Ceylon the immigrants are employed, to a considerable extent, upon the tea, coffee, and cacao estates. In Burma they are employed rather in the rice mills and at ordinary labor in towns and in manufacturing establishments; at certain seasons of the year they work also upon the rice plantations.

The native Burman, like the native Singalese, has a disinclination for heavy regular work. The Chinese in Burma are mainly carpenters, shoemakers, and other skilled laborers. This leaves an opportunity for the Indian to do the ordinary unskilled work. In the

rice mills, for example, one finds European superintendents, not uncommonly Burmese clerks and bookkeepers, and Tamil laborers. At certain seasons of the year when extra labor is needed on the rice estates the coolies at times abandon the mills and go upon the plantations. At that time wages are likely to advance sharply in the mills, and the native Burman sometimes condescends to work for a month or so in the mills at the rate of 1 rupee a day in positions which the Indian coolie will fill before and afterwards for a quarter of a rupee or less per day.

It is practically impossible to make any definite statements regarding coolie labor in Burma, inasmuch as there are no special labor laws controlling this immigration, the coolies being subject simply to the ordinary sanitary and police laws to which the natives are subject. The laborers are brought ordinarily by agents who go or send over to India for that purpose; and they are practically all free laborers who do not need any special protection by law, beyond that afforded by the criminal law and the law of contract which will protect them against cruel treatment, and will punish both laborer and employer for breach of contract. It is perhaps safe to say that a very large percentage of the immigrants and emigrants are coolies coming into Burma, chiefly from southern India, but in part from northern India, and returning to their homes. According to the reports for 1900-1901, the number of immigrants at the three leading ports of Akyab, Rangoon, and Moulmein was 163,144, and the emigrants were 120,536.

Results.—The results of immigration here seem to be much the same as in Ceylon. There is a rapidly increasing development of the agricultural and manufacturing industries of Burma, and the natives do not seem inclined, even if they were sufficient in number, to undertake the heavy work necessary for such development. In consequence the importation of the coolies seems extremely desirable, if not even necessary for such development. On the other hand, the native inhabitants themselves, so far as one can learn, manifest no hostility toward those who come in to do the work which they themselves do not care to do, and who thereby furnish to a considerable extent a market for their products. Possibly one should say of Burma particularly that the coolies increase the demand for the wares which the wives and daughters of the Burmans have to sell, because, speaking generally, the retail trade in Burma is in the hands of the women.

ASSAM.

Conditions.—In Assam conditions are quite similar to those found in Ceylon some years ago. Assam has been found to be peculiarly adapted to the raising of tea, and in consequence the Government has been willing to assist the tea planters to secure their laborers. The coolies have been coming into Assam for several years in order to meet the demands. The total area under tea has been doubled in the last twenty years, while the adult labor force is now more than three times as great as it was in 1880. The largest number of immigrant laborers coming into Assam was in the year 1897, when 95,931 came; in the year 1900, 62,733 came, and at the end of that year, according to the best accounts, there remained in all 636,201. It is noteworthy, in contradistinction from the customs of the Chinese coolies, that with

the Tamil coolies come many women and children. "The adult labor force is almost equally divided as regards sex, the percentage of female population to the total number of adults being 50.13. The children form 37.55 per cent of the total labor force."

Report on abuses.—In the year 1900 the chief commissioner for Assam, while testifying in his report to the generally kind treatment of the coolie on the part of the employer, called attention rather sharply to several abuses, intimated that wages were too low, and seemed also to imply that the courts were rather inclined to favor the employer at the expense of the laborer in case of dispute between them. The Indian Tea Association took the matter up and replied somewhat tartly, accusing the commissioner of prejudice and inconsistency as compared with his earlier reports. The matter was also laid before the Indian Government.

It is, of course, difficult to express any opinion regarding the merits of such a case. It is perhaps sufficient to say that the Government, while apparently convinced that there were some abuses which needed to be corrected, still was of the opinion that the chief commissioner had been somewhat too emphatic in his statements regarding such abuses. The commissioner was inclined to ascribe some of the sufferings of the coolie to too low wages. The Tea Association was naturally opposed to that view. The Government calls attention to the very great benefits that have resulted to Assam from the development of the tea industry, saying, in fact, that the greater part of its present importance is due to that industry. It also asserts that whether the wages are to be considered high enough or not, it can not be denied that more than half a million of these immigrants who have come from the very poorest classes of India "are indebted to the industry for a much more liberal supply of food and clothing than they could ordinarily have expected to enjoy in their homes."

The difficulty of bringing the coolies so great a distance had led the Government to give rather special powers of control to employers, which ought not, of course, to be abused, and the Government expected to prevent such abuse by careful inspection. The Government seemed finally to dispose of the charge of the payment of wages below the legal minimum by asserting that while there was risk of the underpayment of coolies which did necessitate vigilant official control, and while in some cases wages had been unreasonably cut down, still the Government was of the opinion that systematic underpayment was not general, and that the planters as a whole could not be properly charged with illegally attempting to curtail their expenditure at the coolies' expense.

Results.—The general result of the late investigation in Assam therefore seems to show that, on the whole, immigration has been most favorable to the country itself without in any way injuring the inhabitants formerly living there, inasmuch as it has practically created new industries which could not possibly have grown up without it. Furthermore, the coolies themselves have greatly improved their conditions by moving from other parts of India to Assam.

STRAITS SETTLEMENTS AND FEDERATED MALAY STATES.

The Straits Settlements and the Federated Malay States have been unable to secure enough Chinese to develop their agricultural and mining industries as rapidly as has seemed desirable. In consequence their governments also have turned to India to secure, if possible, a larger supply of Indian immigrants. Aside also from the necessity of having a larger labor force, the governments have thought it wise to encourage the immigration of laborers who would bring their families with them and become permanent settlers. In this regard also the Tamils from southern India are to be preferred to the Chinese.

The regulations regarding the importation of Indian labor are, in many respects, the same as those for the Chinese, or like those in Ceylon, but they are somewhat more complete.

Special arrangements.—The Straits Settlements and the Federated Malay States, acting together, entered into a contract with the British India Steam Navigation Company in January, 1901, providing for a regular fortnightly service and for extra steamers when necessary to bring coolies into Malacca. An annual subsidy of \$50,000 was to be paid by the governments, and in addition thereto the governments contracted to take at least 10,000 tickets for adults.

The Government also placed a regular agent in Negapatam, whose business it was to see that the statute immigrants had a careful physical examination before they were allowed to go on board the ship. On the other hand, the free coolies, who are distinguished from the statute immigrants in that the latter come over not under contract, but under a mere promise to enter into a contract to labor, do not have so careful a medical examination. In consequence, during the year 1900, when there was a famine in certain parts of India, many of those who could not pass the examination as statute immigrants came over as free coolies and arrived in Malacca and went upon the estates when they were not in a condition to do full work.

Those coolies who were recruited by special agents sent over to India from the estates naturally were in fairly good physical condition. Those who were recruited by the general recruiting agents living in India were often unfit physically. A commission appointed in 1900 to report on the question of Indian immigration recommended that the Government insist upon having a special medical examination in India for all immigrants, whether statute or free, who are to come into the colony.

When the immigrants arrive in Penang or other ports they are placed in depots, as has already been explained with reference to Chinese immigrants, and from there make their contracts under the supervision of the immigration agent and go to the estates. In the year 1900 36,940 immigrants from India arrived in the Straits Settlements for the Settlements and the Federated States. There returned to India in the same year 10,995, leaving a net surplus in the colony of 25,945, if one leaves out of account the question of births and deaths.

Treatment on the estates.—The provisions for the care of the immigrants on the estates are much the same as those for the care of the Chinese coolies. There is a superintendent of Indian immigrants, whose business it is to see that the contracts are explained to the coolies; that they are properly cared for on the estates; that they are given every facility for making complaints regarding ill-treatment,

and that they are, on the other hand, held reasonably to their duties as regards their employers, etc.

The commission already referred to was of the opinion that it would not be desirable for the Government to regulate the rates of wages to be paid to coolies outside the statute immigrants. It was of the opinion that competition would, on the whole, regulate wages better both for the employer and the coolie, especially since the available supply of labor was not sufficient to meet the demand. The law provided for the monthly payment of wages, and made provision for medical attendance, hours of labor, etc., so that sufficient was done without fixing the rates of wages.

Inasmuch, however, as the Indian coolies have their religious castes, and inasmuch as either Christian or Mohammedan customs would do violence to the rules of the castes, it was thought worth while to take special pains to see to it that every needed facility was given them to follow their religious customs.

Inasmuch, also, as there were on many of the estates very many coolies suffering from malaria, it was recommended that some special measures be taken to protect part of the coolies at night by means of mosquito nets, in order to see if in this way some special experience from investigation might not be secured which would tend greatly to improve their health.

Indian coolies compared with Chinese.—A visit to some of the plantations and conversation with men who had employed many of them showed that, in the opinion of those who had had most experience with the Indian coolies, they are more tractable than are the Chinese and will work more steadily at regular jobs by the day, although they are not so intelligent and enterprising. The Chinese coolie wishes rather to have the stimulus of a special task on which, by extra work, he can earn extra pay. Mr. Carey, chairman of the Planters' Association of the Federated Malay States, says that the Indian coolie is especially well adapted for work on plantations. He is docile, and, on the whole, intelligent and faithful. He believes that, speaking generally, he will make a good working citizen. But he has not the intelligence, thrift, or endurance of the Chinaman.

Straits Sugar Company.—On the Nova Scotia estate of the Straits Sugar Company, as typical, there are something over a thousand indentured Tamil coolies, with probably 800 more coolies of various nationalities working by the job. The indentured coolies were under contract for six hundred days, although at times they were given special jobs instead. The regular rate of wages was 25 cents (silver) per day for men, 20 cents for women. When they work independently on jobs, the men earn considerably more—from 30 to 50 cents per day. On this estate, in order to encourage better methods of living, and particularly to favor the formation of permanent homes, the Tamils are housed as far as possible in separate houses, the married ones having a house for each family, the unmarried ones living in groups of half a dozen or so in a cottage. The average cost of these separate houses was, in round numbers, \$12.50. Part of these Tamils live in large tenement dwellings—kongsis. In these buildings the space sufficient for a married couple or for a small group of unmarried persons costs about \$5.50, to contrast with \$12.50 for separate cottages. The coolies apparently do not manifest any preference for the separate houses, but it was thought that in time such a preference would be developed, and at any rate there was an opportunity for better sanitary conditions and for encour-

aging in the coolie the desire to work somewhat more independently and to live better by having also for himself, if he wished, a separate garden in which he could raise part of his meager food supply.^a The pictures inserted illustrate some of the styles of houses.



House for one family of Tamils.



Good apartment house for several families of Malay boatment.

Work by the job.—When the coolie worked by the job, the amount of land regularly taken by him was about 3 acres. The land was furnished him cleared and ditched, ready for beginning cultivation. The estate also would advance enough money to support him during the growing season. When the cane was ready, it was cut by the estate and the juice from the cane bought by the estate on contract at $1\frac{3}{4}$ cents per gallon.

Besides the contracts with the coolies, there were also contracts with Europeans who took larger tracts of land, sometimes a hundred acres or more, then hired their own coolies, and sold the juice to the estate.

For the form of contract for job work used by the Straits Sugar Company see Appendix IV.

^aThe Malay boatmen, who receive higher wages, are also lodged in better houses.

Here, as is usual elsewhere, rice and other materials were sold to the coolies at a store on the estate. This store was kept by an independent manager, but the prices were fixed by the manager of the estate. The rule followed was to make the price of rice very low, substantially at cost, and to fix the prices of other things at such rates as would leave a reasonable profit to the salesman while not being oppressive to the coolie.

Results.—On the whole, the results of the Indian coolie immigration into the Federated States seem to have been very good, although on the estates that were just opening the sanitary conditions had not yet been made satisfactory. There is reason to believe that the immigration will increase largely in the near future, and that the Tamils will perhaps have the largest share in the development of the agricultural interests in the Federated States and in the provinces, whereas the Chinese coolies will play the largest part in the development of the mining industry.

GENERAL CONCLUSIONS.

The experience of the colonies studied in the report would seem to justify the following conclusions:

1. Excepting in Java, which has a dense population (586.6 per square mile), and in certain parts of India which are also over-populated, both English and Dutch colonies, Burma, Assam, Ceylon, Straits Settlements, Federated Malay States, Sumatra (both East and West), Borneo, Celebes, etc., have felt it wise, perhaps necessary, to encourage the immigration of laborers in order to develop the resources of the colonies.

2. In most cases it has been thought wise to pass special labor laws in the premises; but

3. Generally these laws have been passed partly, apparently chiefly, in the interest of the immigrants, though the rights of the employers have been also protected.

4. On the whole the Chinese seem to be the immigrants who have been most efficient, and, other things equal, the most beneficial to the colonies.

5. The benefits have come:

- (a) To the employers and coolies;

- (b) To the government in resulting power of the state to bear taxation on account of the increased prosperity;

- (c) To the natives who do not wish to do the work done by the immigrants, but who also share in the general prosperity through the increased demand for both their products and the kinds of labor in which they are willing to engage.

6. In the case of the native Javanese, the government has thought it wise to protect him against both European employer and Chinese trader by exercising careful supervision over the contracts which he may make.

7. The Dutch Government has also thought it wise, in the interest of the Javanese, to restrict carefully the rights of travel of the Chinese and Arabs in Java, as well as their right to hold real estate.

8. Indian immigrant coolies are more ready to bring their families and to become permanent citizens than are the Chinese. They are much less likely to make trouble through supplanting native merchants, loaning money to natives, and similar methods.

APPENDIX I.

GOVERNMENT OF PERAK.

GENERAL FORM OF CONTRACT.

(For Chinese engaging to labor in the State of Perak. Under part 3 of Order in Council No. 4 of 1895, "The Labor Code.")

* * * * *

It is this day mutually agreed between the employer, ———, his attorney, heirs, or assigns, and ———, Chinese laborer, born at ———, and aged ——— years, as follows:

1. That the said laborer is willing to proceed to ——— and be employed there as a ——— for ——— at ——— wages of \$——, subject to the following conditions, viz:

That the said laborer receives an advance of \$——, which shall be deducted by installments by the employer at the rate of \$—— per month.

2. That the expenses for conveying the laborer from any port in the Straits Settlements to his destination shall be borne by the employer.

3. That the said employer shall furnish the laborer with a suitable house, for which the latter will not be required to pay rent.

4. That the said employer shall provide the laborer with his daily food, consisting of rice with vegetables, salt fish, or other condiment, and also furnish him with 1 jacket, 2 pairs short trousers, 1 mosquito curtain, 2 bathing cloths, 1 sun hat, and a pair of clogs.

5. In the event of the laborer falling ill from natural causes, the employer shall furnish him with medicine and a place for his medical treatment until recovery; or send him in due time and by proper conveyance to the government hospital, where such is established, and, if the days of illness do not exceed thirty days, the loss of time shall be borne by the employer, and the laborer will not be required to make up for it; but should the illness of the laborer exceed thirty days during one year, or should he fall sick from his own fault, or contract any venereal disease, he shall, on recovery, or after the termination of his agreement, make good the days of his illness, and shall also pay to the said employer ——— cents as cost of food for each day's absence. Should the laborer desert and be captured, all expenses actually incurred shall be repaid by him.

6. Should the laborer be unable to work on account of venereal disease, or stop work through laziness, the number of days of such absence, together with any advances he may have received, shall be indorsed on the contract.

7. Where by a written contract of service a laborer is bound to repay to the employer the specified amount of certain advances already made to him or on his behalf, and such amount shall not have been repaid at the expiration of the period for which the contract is made, such period shall be deemed to be extended and the contract to be in force until such time as the whole of such amount shall have been repaid.

In every such case the employer shall, at the expiration of the original period of service, indorse on the contract the amount remaining due, and shall within one month thereafter give notice thereof in writing to the protector.

8. Ten hours shall constitute a day's work, but in case of emergency the laborer shall work beyond the specified time; such overtime shall be placed to the credit of the laborer, at the rate of wages mentioned in this contract.

9. The customary Chinese festivals will be considered as holidays.

The above nine articles having been clearly explained to both parties by the protector of Chinese, they have agreed to all of them, and have signed this contract with the understanding that they shall hereafter observe all the articles mentioned therein.

Register number.	Name in English of employee.	Age.	Name in Chinese.	Original country.	Advance.	Signature or mark of employee.

Office of Protector of Chinese,
———, ———, 189—.

Employer.

Before me.

Protector of Chinese.

APPENDIX II.

GOVERNMENT OF PERAK.

SINKHEH CONTRACT FOR TIN MINERS.

(Under part 3 of Order in Council No. 4 of 1895, "The Labor Code.")

This contract, made the — day of —, 189—, between the Chinese persons hereunder named and described, and each and all of them, hereinafter called the laborers of the one part, and — of —, his executors, administrators, and assigns, hereinafter called the employer, of the other part, witnesseth that it is hereby agreed by and between the said parties as follows:

1. The laborer will labor for the employer as a tin miner in — kongsi (mining establishment) at —, Perak, or in any other kongsi or place within the State which the employer may desire.

2. The laborer will complete an aggregate number of three hundred and sixty days' work. Eight hours shall constitute a day's work.

3. The laborer will repay to the employer the sum hereunder entered against his name, being moneys advanced to him or expended on his behalf, and the employer may deduct the same from any wages due to the laborer.

4. The employer will pay to the laborer wages calculated at the rate of \$42 for three hundred and sixty days' work.

5. The employer will furnish the laborer, free of charge, with suitable house accommodations, and with two suits of clothing, one mosquito curtain, one sun hat, two bathing cloths, and one pair of clogs.

6. The employer will provide the laborer, free of charge, with a sufficient supply of food of good quality.

7. The employer will convey the laborer to the place or places where his contract is to be fulfilled free of charge.

8 (a). If the laborer shall fail to complete twenty four days' work in any month, he shall be liable to pay the employer 10 cents in respect of each day on which he may have been absent from work during such month for any cause other than bona fide sickness, and the employer may deduct the amount of such payment from any wages due to the laborer.

(b) If on the completion of three hundred and sixty days' work the amount so deducted shall exceed — (here enter the amount of wages, less the amount of advance), this contract shall be deemed to be extended until the laborer shall have repaid the employer all moneys in excess of that sum. Wages during such period of extension shall be payable at the rate of 20 cents for each day's work.

(c) No laborer shall be detained under this contract for a longer period than two years.

9. If the laborer shall abscond and be arrested, he shall be liable to pay to the employer such expenses of his arrest as the protector or a magistrate may deem reasonable.

APPENDIX III.

SHAP-TSAU-YAT SHAP-TSAN-YI CONTRACT.

(Contract to work a mine on the cooperative system.)

Contract between —, advancer, and —, who undertake to work a mine —. The mine belongs to —, is situated at —, and registered under No. —. The owner has provided the kongsi house, the various water courses, and the — pumps.

It is now agreed between —, who acts as advancer, and —, who acts as contractor for the supply of coolies, to open a mining kongsi on the — system, under the name of —, and that the provisions, opium, and other articles used in the kongsi shall be supplied by the advancer.

The following conditions have been agreed upon by the two contracting parties, viz:

1. All the tin ore produced from the mine may, after weighing, be taken away and smelted by the advancer, and the price for the same shall be according to current market rates.

If the advancer does not want to smelt the ore himself, but allows the tin ore to be sold, the full amount realized by the sale shall be handed over to the advancer and entered into the account books.

The advancer shall then pay the tithe to the mine owner, refund the expenses for opening the mine, if any, and deduct the amount expended for provisions by him, etc.

The balance, if any, shall then belong to the kongsi.

2. The coolies of the kongsi shall receive seven-tenths of their wages or earnings for any kind of work done in the eighth month, after the necessary deduction of the tithe to the owner, the expenditure in opening the mine, of the amount due to the advancer for provisions, etc., has been made; at the end of the twelfth month the balance due to them, if any, shall be paid in full.

If in the eighth month there is no balance due to the kongsi, only one settlement of accounts in full shall be made at the end of the year. If the mine is worked out before the eighth month, all accounts shall be settled as soon as the remaining tin ore, if any, has been sold.

3. If there should be any clandestine sale of tin ore, the advancer shall, on the discovery, hand the parties concerned over to the authorities for punishment. If the advancer allows the kongsi people to dispose of the tin ore themselves, he shall be informed of the time when the weighing takes place, so that he may enter the correct weight in his books. If they fail to inform the advancer, a fine of \$100 shall be charged, one-half to the advancer, one-half to the kongsi.

4. The contractor shall supply the mine with ——— coolies.

If any contract coolies are used for stripping land, the advancer's instructions in regard to measurement and digging shall be agreed to by the kongsi people. If a new engine or pump or a new platform has to be brought to the mine and erected there, the kongsi coolies, under the direction of their headmen, shall assist in doing the work. If the water courses require repairs, the work connected therewith shall be done by the kongsi coolies.

5. The coolies of the kongsi shall work in harmony with each other. Any man creating a disturbance and lifting his hand to strike another shall pay a fine of \$5; if the party attacked strikes back he shall be fined \$3. For a general disturbance among the coolies the whole kongsi is liable to a fine of \$25, the amount for such fines to be used at the end of the year for a general entertainment; but if the disturbance shall have been such as to have attracted the attention of the police or threatened the disturbance of the peace outside the mines the matter can be dealt with only by the court in the usual manner.

6. Neither landlord nor advancer shall be responsible for any debts contracted by the kongsi coolies, either inside or outside of the kongsi, nor shall they be responsible for the payment of wages to carpenters, basket makers, blacksmiths, or others.

7. The implements used in the mine shall be handed over by the landlord to the kongsi, and a list of them shall be attached to this contract. Any other implements or utensils than those named above the kongsi shall supply itself. The cost of such implements shall have nothing to do with the owner or the advancer. The implements handed over for use by the landlord shall be returned to him when the mine stops working. Any deficiency in the number of them shall be made good by the kongsi.

8. The kongsi coolies shall not be allowed to sell the rations supplied to them by the advancer to anybody outside of the kongsi. The rations supplied shall consist of a sufficient quantity of rice, not less than $1\frac{1}{4}$ catties (1 catty = $1\frac{1}{2}$ pounds) per day; vegetables, 1 cent per day; salt fish, 4 catties per month; beans, every day in sufficient quantity if the coolies desire it; ground nut oil, one-half catty per month.

9. The working hours of coolies on the cooperative system shall be as follows: From 5.30 a. m. to 9.30 a. m. and from 12.30 p. m. to 4.30 p. m.

10. The agreement has been made for a term of ——— years.

11. Should any of the parties fail to conform to the above stipulations the case shall be laid before the secretary for Chinese affairs, his deputy, or the local authorities. The rations of the coolies must not be stopped by the advancer before the secretary for Chinese affairs, his deputy, or the local authorities have been communicated with.

If the rations are stopped on account of the kongsi failing to comply with the terms of the contract the mine reverts to the landlord, who may take other people to work it, and the present agreement is considered null and void.

In proof of the agreement made four copies of the contract shall be drawn up, one to be held by the advancer, one by the headman of the kongsi, one to be posted in the kongsi, and one to be filed in the Chinese secretariat.

The agreement shall be registered in the office of the secretary for Chinese affairs, or, if outside of Larut, in the branch department, and shall take effect from —.

Dated at — day of —, 18—; i. e., — day of the — moon of the cyclical year.

Witness —.

Signed by —.

Registered No. —.

Fee paid, one dollar only.

Here follows translation in Chinese.

Registered in the office of the secretary for Chinese affairs.

Contractors.

Situation of kongsi.

Number of coolies to be engaged

Term of contract.

Fee paid.

No. —.

Name of kongsi.

Mine owner.

Advancer.

Secretary for Chinese Affairs.

APPENDIX IV.

AGREEMENT OF STRAITS SUGAR COMPANY WITH CONTRACTOR.

Articles of agreement made this — day of —, 190—, between —, for and on behalf of the Straits Sugar Company (hereinafter called "The employer"), of the one part, and —, planter (hereinafter called "The contractor"), of the other part:

1. The employer hereby agrees to permit the contractor to cultivate — orlongs (1½ acres) of land in field No. —, situated at —, with sugar canes for period of five years from the date hereof.

2. The contractor hereby agrees and undertakes to cultivate the same and to grow three crops of sugar cane thereon in the said five years.

3. The employer shall clean and deepen all existing drains and draining trenches and shall dig such new drains as shall, in the opinion of the employer, be necessary for the proper drainage of the land during the first year of this agreement, after which period the contractor shall clean and keep in order all such drains.

4. The contractor shall keep the land in good heart and condition during his occupation thereof and shall deliver the same in like condition to the employer on the expiration or sooner determination of this agreement.

5. The contractor shall not sell his canes to any other person than the employer, and in the event of his selling to any other person the contractor shall pay to the employer by way of liquidated damages the sum of \$20 for each and every picul of canes so sold by him.

6. The contractor shall pay to the employer the sum of \$5 upon the transfer of his rights under this agreement to any other person.

7. The employer shall advance to the contractor the sum of \$— per month for twelve consecutive months during the cultivation of each crop and the further sum of \$1 on each of the contractor's feast days, such feast days not to exceed eight in number in any one year.

8. When the canes shall, in the opinion of the employer, be ripe for cutting, the employer shall cut them and shall deduct the cost of doing so from the amount to be paid by him to the contractor as provided for in the next clause.

9. The employer shall pay to the contractor for the juice extracted from the canes at the following rates: One and three-quarter cents per imperial gallon.

10. The employer shall be entitled to deduct from the amount payable by him to the contractor under the last preceding clause the amount of all advances made by him to the contractor under the last preceding clause, the amount of all advances made by him to the contractor under clauses 5 and 8 hereof, all expenses incurred by him under clause 9 hereof, and a further sum equal to 5 per cent upon the net profits of the contractor, such net profits to be reckoned as the difference between the amount advanced by the employer and the sum payable for the price of the canes without any deductions. The last-mentioned sum shall be so deducted as compensation for the employment of tindals, watchmen, and other servants by the employer for supervising the work of the contractor.

11. In the event of the contractor neglecting to clear, prepare for cultivation, or cultivate any portion of the land which he hereby undertakes to cultivate, the employer shall be entitled to discontinue all advances he is liable to make under clauses 5 and 8 hereof until the land shall have been cleared, prepared, or cultivated to his satisfaction.

12. In the event of the contractor leaving the said land or neglecting to clear and trash his canes or attend to the proper cultivation thereof for a longer period than three months from any cause whatsoever except death, the canes shall become the absolute property of the employer, and this agreement shall terminate.

13. The employer shall provide the contractor with a book in which shall be entered all the advances made by the employer at the time of making such advance, and such book shall be presented to the employer on the first day of every month for inspection.

In witness whereof the said parties have hereto set their hands the day and year first above written.

Signed by the said _____ in the presence of _____.

Signed by the said _____ in the presence of _____.

APPENDIX V.

GOVERNMENT OF PERAK.

EXPORT DUTY ON TIN.

When the price of tin exceeds—	Duty per bhara.
\$31 per picul up to \$32 per picul	\$10.50
\$32 per picul up to \$33 per picul	10.75
\$33 per picul up to \$34 per picul	11.00
\$34 per picul up to \$35 per picul	11.25
\$35 per picul up to \$36 per picul	11.50
\$36 per picul up to \$37 per picul	11.75
\$37 per picul up to \$38 per picul	12.00
\$38 per picul up to \$39 per picul	12.50
and so on, the duty being raised 50 cents per bhara for each rise in price of \$1 per picul.	

NOTE.—One bhara equals 6 piculs; 1 picul equals 133½ pounds.

Chapter IV.

TAXATION.

INDIA, ESPECIALLY BURMA.

LAND TAXES.

INTRODUCTION.

Inasmuch as India is, generally speaking, an agricultural country, the chief source of income of the various governments has been for centuries the land tax. Although during the late years of British occupation commerce is rapidly growing, and although in certain sections of the country manufactures have developed, the land tax is still the chief resource of the state.

Nature of Indian government.—People are accustomed at times to look upon India as a single country. In fact India is made up of very many different states or provinces, with in many cases practically no connection between them so far as internal administration is concerned. Even the different presidencies and provinces of India which are directly under British administration are substantially independent so far as local taxation is concerned, while the native states, of which in all there are some seven hundred, including the small principalities, although they are under British influence, are still in theory entirely independent as regards their local administration. Even the legal principles on which the land is held and by which the taxes are collected are, in some of the native states, quite different from those under which the British Government collects its taxes in British India.

Nevertheless, like natural conditions in different sections of the country and in earlier times the conquest of large sections of the country by powerful rulers—Hindu, Mohammedan, or Christian—brought about certain similarities in the form of government, and in consequence in methods of taxation. Naturally, the English Government, as the direct ruling power over large sections of the country, and as the dominating influence elsewhere, has been far more influential than any other in producing similarities. Even in the native states the English influence has been very marked, and in many cases the native rulers have adopted outright the English methods.

There still remain, however, important differences in the systems of land taxation in different parts of the country, and still more differences in the terms employed to describe the officials and the kinds of taxes. In spite, however, of these discrepancies some main principles can be found—enough perhaps for our purposes.

Nature of land tax.—In earlier times the rulers did not trouble themselves much with theories of taxation. They took what seemed to them best for their special purposes. In some instances, doubtless,

care was used not to take so large a share of the products that the people would be impoverished, but in other cases under stress of war or through lack of foresight the taxation was ruinously severe.

In practically all times, from the earliest to the present, the land tax has been, in theory at least, a certain share of the annual product. It was formerly the custom for the landholder when his crop was reaped to bring it together in an assigned place where the representative of the state divided it and set aside the part that should belong to the ruler. This custom of taking the tax in kind still obtains here and there in the native states. Speaking generally, however, this share of the product, although still remaining in theory the basis of the taxes, has been almost universally commuted into cash, and the taxes are levied at a certain fixed number of rupees per acre.

The whole subject of the land tax—how much shall be paid, who shall pay it, to whom it shall be paid, what it shall be paid for—may be discussed most advantageously under the heads of:

- A. Land tenures.
- B. Land settlement, with consideration of climate, soils, products, etc.
- C. Other taxes.
- D. The taxing authorities.
- E. Local and central administration and expenditure.

A. LAND TENURES.

It is evident that the question of the ultimate incidence of the land tax, as well as that of determining who shall be held responsible for its payment, is dependent upon the system of land tenure.

Taking the whole of India into consideration, the number of tenures would be very great. For our purpose it is sufficient if we distinguish three leading classes—village, landlord, and individual. The others, covering grants to religious societies, etc., need not be considered.

1. *Village tenure*.—Inasmuch as the system of land taxation in Burma is of special interest, it will suffice if this kind of tenure be dealt with summarily, inasmuch as but one tax, the “*thathameda*,” is assessed upon the village as a whole, and that is in itself a very simple measure.

In India generally a village means simply an aggregate of cultivated holdings either with or without some waste land or common grazing area attached to it. It usually has a central site for the dwelling houses which are brought together. In, relatively speaking, rare cases small homesteads and farm buildings are found separately located on the holding, but this is not usual. Whatever the form of the central government may have been and whatever changes there may have been in the rulers or even in the form of the ruling government, the village as a local feature almost invariably remains substantially unchanged, both as a local area and, to a considerable extent, as a form of government. Owing to this fact the village as a unit has been, throughout India, of very great importance for administrative purposes, and the English Government has usually found it advisable to take this unit of administration with its local officials exercising their ordinary power and to fit this into its more general system of revenue administration. Even where the revenue system deals not with villages, but with individuals or with great landlords, usually the village can not be entirely ignored. The bonds which unite the villages are, of course, ordinarily those that are expedient and natural. In earlier times the villages must have

been established in countries covered with forest and jungle, and for purposes of protection, as well as from the necessity for cooperative action in contending against the regrowth of tropical vegetation and in securing proper crops, cooperation was essential. These same reasons would ordinarily limit the size of the villages to a comparatively small group of families. There are only two forms of villages that need be noticed:

(a) That in which the different individuals maintain their separate rights to certain fields and dwelling houses; and

(b) That in which either a family or an individual claims to be owner or landlord of the entire area of the village.

In the first case for purposes of government the village has regularly had and still has a headman, sometimes holding his position by election, more frequently by descent, to whom much authority is given and who receives his pay from the village as a whole, usually by having assigned to him a valuable piece of land from which he can derive a revenue. When made also a Government officer, such as tax collector, he is often paid a commission. In villages of this type there were usually also a certain number of village servants who likewise received their pay, not from individuals when their services were rendered, but from the village as a whole, either through certain annual grants at the time of harvest or through the use of certain pieces of land. This village service differs of course in different provinces and under different circumstances, but usually the servants include a carpenter, a potter, a cobbler, a barber surgeon, and a blacksmith, not uncommonly also a washerman, sometimes a dancing girl, and in individual cases even a witch finder. These offices also were usually hereditary. In the smaller villages no one could afford to take the risk of engaging in such an occupation and of depending upon the pay for individual jobs; but if his living were assured through use of a small piece of land or through the allotment of a small share of the crops, he could do whatever the village needed in his special calling and in addition thereto might perform part of the work of a regular cultivator.

In the second form of village there was little difference except in theory. The owner of the land would practically be the headman, and the other villagers as his tenants would work their land under his direction. In most cases, however, of the second form of village, although the origin of the village may have been from a single landholder, the land has usually in later days been held by a large group of people in the village. The government of the village, then, instead of being that of a headman with perhaps a clerk associated with him, would be that of a kind of ruling senate—*panchayat*. This *panchayat* usually had both executive and judicial powers, and, although under the English Government it is no longer regularly formally recognized, these elders of the village still in many cases exercise great influence in the settlement of disputes, particularly those of a social or family nature, such as questions of marriage, divorce, responsibility for children, etc.

In the case of these landlord villages sometimes the cosharers themselves owned all the land but cultivated it through tenants.

2. *Landlord tenure*.—Aside from the village tenure just discussed, we find also tracts of land, sometimes very large, sometimes comparatively small, which are owned by a single individual or corporation

who leases the land in his possession to tenants, on terms either agreed upon from time to time or fixed practically permanently by custom. We need not here discuss at length the origin of these landlord holdings, but ordinarily the source has been one of three: Either the present landlord, or more likely one of his ancestors not very remote, was a revenue farmer under the ruler preceding the British occupation who, for a certain sum paid into the government treasury, had the right to levy taxes upon the individual landholders. It is easy to see how in time of turbulence and shifting governments, such as those which preceded in most cases the British occupation, these revenue farmers might so strengthen their position that what was formerly a mere right to collect taxes should become a recognized power at any rate, which gradually developed into a recognized right to hold the land itself.

In other cases the local chief or ruler who held his position under the sovereignty of one of the great Mohammedan or Hindu kings might, in the changing fortunes of politics, especially when the British came into possession, be compelled to give up his rights as a political ruler while still retaining those of revenue collector, which in turn would develop into those of landowner.

Again, in many cases it was customary for native rulers to grant to their favorites or to those who rendered them service certain lands from which they might derive a revenue and which might either be granted to them originally in fee or which might be granted them merely as a holding from which they should collect taxes. Most of the native rulers would doubtless feel at liberty to take back such a grant of the right of tax collection, if they wished to do so and had the power. As we have already seen, such a holding might readily become a permanent ownership. These landlord estates, although existing in many different forms and although in the native states retaining much of their earlier character, sometimes even with the corresponding duty to furnish to the ruler either a certain number of armed troops or other special service, at the present time in British possessions amount merely to this, that the Government looks to the landlord as the source from which it is to draw its revenue. These great estates are sometimes subdivided and have what might fairly be called "sublandlords," who, in turn, have their tenants under them; but such subdivisions need not enter into our discussion.

At present the British recognize the right of the landlord, whatever the origin of the right may have been, to hold his land under the usual government conditions, although ordinarily the government also places some restrictions upon the way in which the landlord must deal with his tenants. Some tenants claimed an inalienable right to their own special portions of the soil, provided they paid an annual quit rent; and they claimed that these rights were inherited, inasmuch as their ancestors had been the first who cleared the land. Others claimed under various forms of contracts. In certain cases, in order to settle these disputes, the British Government by act declared that where any tenant had continuously held the same land for twelve years he should be regarded as the occupancy tenant, and could not be dispossessed so long as he met the usual conditions. In most cases, however, rules not so rigid have been made; but generally provisions are made which prevent an undue enhancement of the rent on the

part of the landlord, both as regards the amount of the rent and as regards the period which must elapse before a rent once fixed can be revised. There are also, generally speaking, conditions which protect the tenant from ejectment.

3. *Individual tenure.*—The landlord tenures are found particularly in Bengal, although there are many instances of such tenures in the Madras and Bombay Presidencies and in other parts of India. Generally speaking, however, outside of Bengal is found usually the individual, or, as it is usually called, the *rāiyatwārī* (*ryotwārī*), tenure. This means simply that the individual head of the family, the *rāiyat* (*ryot*), has a recognized right to his individual holding, and that the government in collecting its tax deals with him directly and not with a landlord or a village headman.

Another extremely important fact in connection with this tenure is that in most cases, although not universally, the *ryot* may at his own will either retain his land on the payment to the government of the regular tax due, or may, if he prefers, avoid the payment of his tax by abandoning his holding. The government is then left in the position to assign this holding to another. Under these circumstances it has been customary for the British Government to avoid speaking of the *ryot* as the owner of his land. He is usually called instead, as, for example, in Bombay, the occupant, and, generally speaking, instead of the government levy being named a tax it is usually called a rent. In other provinces where this individual right is the customary tenure a somewhat similar method has been adopted. In Burma, for example, the land regulations speak of the landholder's right instead of ownership.

Some officials think it wise to speak of the levy as a rent because, as they explain, "it would be a very high tax, but it is a very low rent." In consequence the people are less likely to be dissatisfied if they think of it as rent.

B. LAND REVENUE SETTLEMENTS.

By revenue settlement is meant the determination on the part of the State of the conditions which indicate the amount of tax that shall be collected and the assessment of the tax itself. In such a country as India, where the land tax is the chief source of revenue, and where, as we have seen, the land tenures and the conditions of agriculture are varying and depend to a great extent upon custom, the question of tax assessment is of much greater importance than in a country such as the United States. A carelessness in tax assessment which should add two or three dollars a year to the burden resting upon the landowner might lead to positive suffering, if not even to starvation. On the other hand, with the burdens which rest upon the State as great as they are in India, it is essential that the tax be made as large as possible without unduly burdening the people.

In making these revenue settlements it is essential that—

1. The tax be adjusted according to the ability of the landowner to pay.
2. The tax be levied upon the right person.
3. For convenience in administration, as well as for the convenience of the cultivator, that the tax be fixed for a considerable number of years in advance, and that it be made as small as possible.

Owing principally to historical conditions which obtain in different parts of the country, the settlements have become known as—

1. Permanent settlements; that is, the levying of a land tax that shall remain the same in perpetuity.

2. Temporary settlements; that is, the levying of a tax which shall be fixed for only a certain number of years, ordinarily thirty, sometimes ten or twenty, with the understanding that at the end of this period there shall be a revision of the tax rate.

Survey.—Before the time of the English occupation there was no actual survey of the land by which the holdings of the different villagers or landlords could be determined with accuracy. In many cases disputes of the larger landlords led to strife or to settlement by the over-lord. Under modern conditions, however, it will be seen that, whatever the form of tenure, the first essential for the settlement of the land tax is a careful delimitation of the fields to be taxed.

In the case of a village holding it would perhaps suffice if a survey of the territory of the State as a whole should simply separate accurately the lands of one village from those of another. The entire body of the village then could be dealt with as a jointly and severally responsible unit, and the Government could hold some representative person, either appointed by itself or elected by the villagers, responsible for the payment of the taxes and for the due distribution of the tax burden among the different villagers in proportion to their several obligations.

Similarly, in the case of a landlord holding, it might be sufficient if the lands under the jurisdiction of one landlord be carefully separated from those of adjoining landholders. The Government can then hold the landlord responsible for the payment of his tax, and the landlord will, in turn, in whatever way seems to him best, collect from his various tenants the parts that they should severally pay. It will be recalled, however, that in many instances under the landlord tenure the State has felt it to be particularly its duty to protect the interests of the tenants by restricting in certain ways the amount of rent which the landlord might exact and by protecting them against illegal or unjust ejectment.

Under such circumstances it has been found best at times under the landlord tenure for the settlement to take account not merely of the holding of the landlord, but also of the separate holdings of the individual tenants. In this case the survey must, of course, be complete enough to distinguish the holdings of the individual tenants.

Of most importance, however, has been the settlement of the lands held under the various forms of individual tenure. In this case it is, of course, essential that not merely the boundaries of the village be fixed, but that the separate holdings be surveyed with the greatest accuracy. In the instructions which have been issued to settlement officers in Burma, with which we are chiefly concerned, it is provided that there be a demarcation, in the first place, of the larger districts as well as of the separate villages, and that the larger lines of the survey be made by professional surveyors under the superintendence of an officer directly subordinate to the surveyor-general of India.

The survey department in this way, by comparing the areas of the larger districts with the sums of the areas of the different village lands (kwins), and by making a detailed plan of each kwin, proves the accuracy of the survey. Within the villages which have been carefully

outlined by the survey department the work is carried out by local field surveyors. The plans of the survey department are handed over to the field surveyors, who with plane table and chain fill in all the interior details and turn out a plan of the kwin showing every existing boundary, both natural and artificial. The computation of the numerous interior areas, which are often but a small fraction of an acre in extent, is worked out by a special staff of officials, and the total of these interior areas must agree with that of the kwin polygon obtained by the mathematical process. Maps are then made, drawn to scale, so large that the holdings of each individual can be readily seen, and these maps show every man's holding of cultivated land, the uncultivated land, irrigation ditches, boundary marks, etc. Settlement officers in Burma say that possibly the chief influence in impressing upon the natives the fairness of the Government system of tax assessment, as well as the utter impossibility of success of any attempt to avoid the tax, is found in these maps. The native can see for himself that the Government knows exactly the size and the form of his holding, as well as that of his neighbor, and that no details regarding either crop or land formation or character of the soil have escaped the attention of the settlement officer.

After the survey has been carefully made it is essential, in order that the tax assessment may be justly levied, that the settlement officer understand fully the agricultural conditions under which the natives work. He must know the amount of the crop that can be obtained, the prices of the product, the standard of living of the people, their methods of cultivation, the conditions under which their crop is brought to market, etc. The form of the report for Burma which is laid out by the chief commissioner of settlement work will show how carefully the settlement officer must make his investigations.

THE REPORT.

The report should be brief. It should contain five chapters, as follows:

CHAPTER I.—*General description of the country.*

- (a) Physical features.
- (b) Races of the people.
- (c) Occupations of the people.
- (d) Modes of agriculture; liability to floods, drought, or other disaster.
- (e) Grazing grounds.
- (f) Fisheries.
- (g) Communications by land and water.
- (h) Towns and large villages, chief export markets.
- (i) Principal products.

CHAPTER II.—*General conditions of the people.*

- (a) Total population, density per square mile; distinguishing between agricultural and nonagricultural.
- (b) Average number of cultivating family.
- (c) Standard of living; habits, indebtedness or otherwise; vocation and condition of nonagriculturists.
- (d) Area of cultivation and of waste.
- (e) Average area of holding, distinguishing between paddy holdings and orchard, garden, miscellaneous holdings.
- (f) History and description of any waste-land grants made under the old rules which may exist within the area under settlement; comparison of their original and

present areas; statement of progress made in cultivation and of the relations between the grantees and their tenants, and the cultivation of the surrounding country.

(g) Sketch of the condition, past and present, of the tenant class, with number, area held, and rent paid.

CHAPTER III.—*Past assessments and fiscal history.*

(a) Amount of previous assessments; rates fixed at each assessment.

(b) Methods adopted at previous revision of rates.

(c) Amount of expiring assessment; current rates, total incidence of assessment per acre; facility or difficulty in collection.

(d) Former and present market values of land as ascertained from sale and mortgage transactions.

CHAPTER IV.—*Progress of the country since last revision of rates.*

(a) Former and present cultivated area; causes of increase or decrease.

(b) Former and present population; cause of increase or decrease; progress of immigration.

(c) Areas held under the various kinds of tenure and number of tenure holders of each class.

(d) Former and present rates of productiveness per acre.

(e) Former and present average holding areas; cause of increase or decrease.

(f) Former and present prices of produce; cause of rise or fall.

(g) General conditions of the people now as compared with the period of last revision.

CHAPTER V.—*Proposed assessment—Rates.*

(a) Assessment tracts (if any) into which the country has been divided; statement of difference between them and measure of this difference.

(b) Average area of the holding in each tract.

(c) Statement and description of the classes of soil and of garden or other cultivation adopted in each tract.

(d) Gross productiveness per acre deducted for each class of soil and of garden or other cultivation.

(e) Local value (per hundred standard baskets) of paddy and garden or other produce adopted for each tract.

(f) Cost of living of the agricultural family per acre of average holding.

(g) Cost of cultivation per acre of average holding.

(h) Statement of rates on the soil classes in each tract based on the right of the State to one-half of the net profits, and method of working them out.

(i) Rates finally proposed, with reasons for any modifications made from the full half-profit rates and comparison with rates of revised assessment in adjoining circles.

(j) Comparison of incidence of tenant rents per acre, with the rates shown under clause (h) and with the rates finally proposed.

(k) Comparison of current Kwin rates with proposed rates.

(l) Resulting total assessment at proposed rates (1) without 10 per cent cess, (2) with 10 per cent cess.

(m) Difference between the proposed and expiring assessment (1) without cess, (2) with cess.

(n) Difference between the incident of the proposed assessment per acre and that of the expiring assessment (1) without cess, (2) with cess.

(o) Explanation of how much of the difference is due to area and how much to change of rates.

The appendixes should also be in prescribed forms, and should contain full statistical data.

Determination of the tax rate.—The general principle in accordance with which the taxes have been levied throughout India under the various forms of land tenure has been that the State may take a certain percentage—usually, as a maximum, 50 per cent—of the “assets” of the estate as annually received. By “assets” is ordinarily meant the net revenue after the cost of cultivation has been deducted from the gross revenue. In practice, though even more than 50 per cent was

earlier at times taken by native rulers, much less is generally taken by the British Government. Probably 25 per cent would be more nearly right than 50 per cent.

Rates on landlord estates.—When the revenue officials have had to deal with landlord estates, it is evident that their work would not of necessity lead them to the making of such detailed estimates regarding crops as would be the case when they were dealing with individuals. The assets of a landlord estate consist, in the main, of the total rents actually received by the landlord from his tenants, together with the calculated rental value of such lands as are held by the proprietors themselves or are allowed by them to be free of rent. In certain cases there should be added to this, of course, such an income as would be received from grazing, from fruits, and from wild products of other kinds. The chief source, however, of these assets are the rents received by the landlord, and the calculation of these rents is rather a matter of special accounting than of careful survey.

In order to do justice, the burdens of various kinds resting on the taxpayer are usually taken into account. For example, rates are sometimes made less for a landlord who has numerous people dependent upon him. Some settlement officers even go so far as to say that 50 per cent of net revenue can hardly be considered any longer even a guide in fixing rates. Custom and the desire to be just are about all that have serious influence.

It will be recalled that the landlord tenures are chiefly in Bengal, where also the settlement has been made permanent, so that until there shall be some special revision of the law the duty of the revenue officials so far as land revenue is concerned consists mainly in noting changes in the land ownership coming from sales, subleases, inheritance, etc., and in caring for the collection.

Method on individual holdings.—In the case of the individual holdings, however, of which the experience of Burma may be taken as a late example, the situation is quite different. In this case it is necessary for the settlement officer to ascertain with accuracy the average income from each separate land holding, however small. After he has made the careful investigation already indicated regarding general agricultural conditions, etc., it becomes necessary for him to study with the greatest care the land itself. The soils are regularly examined, roughly analyzed, and classified as clay, sand, loam, etc., the classification depending upon the circumstances and the individual province.

In certain parts of India the average annual value of the crop is determined by noting the amount of the crop per acre usually received for a period of years from the different kinds of soils with the selling value of the crop. In the simpler conditions existing in Burma it has usually been considered sufficient to distinguish, in the first place, between rice fields and fields on which miscellaneous crops are grown.

The rice fields themselves are then ordinarily classified as irrigated, on which more than one crop can be grown, and unirrigated, on which ordinarily only one crop is grown. Besides this, it is sometimes necessary to distinguish two or three grades in both the irrigated and unirrigated fields. This can usually be done by a brief inspection of the situation of the land as regards water supply, together with the character of the soil. When the rice land has thus been classified into four or five classes which may be easily distinguished, the value of the

crop is ordinarily determined by actual testing. - Before the harvesting the officer in charge selects typical fields scattered here and there in the different parts of the territory under consideration, selecting fields of each separate grade. These fields are then reaped under the immediate supervision of the officer in charge. The grain is cleaned and carefully measured. In this way, by taking typical fields of each class for a series of years, it is possible to determine with substantial accuracy the average productivity of each class of field. The value of the crop is then determined by taking the average selling value of the crop in question for a series of years. In this way a calculation is made of the average income per acre of each class of land, and each field of the entire territory having been accurately measured and classified, the average income of each is readily determined.

The purposes of a sound system of assessment with this classification of the land are: (*a*) To have each cultivator pay an equal proportion of the products of his holding, (*b*) to have each cultivator enjoy approximately an equal rate of profit from his cultivation, (*c*) to render thereby the cultivation of both bad and good lands profitable, and (*d*) to make in this way the land revenue lasting and capable of growth with increasing prosperity. Furthermore, the assessment is to be in harmony, so far as possible, with the ideas and customs of the people, and, while heavy enough to furnish a revenue, it should still, in accordance with the instructions of the Government, not be high enough to impose upon the people the necessity of lowering their standard of living or of curtailing their common comforts. The people are to be kept contented and not overburdened.

In order to carry out these provisions, the assessment officer, after determining the gross product with its value, must determine further, in order to find the net product, the cost of cultivation, and then, in order to avoid taking too large a proportion of the net product, he must calculate the cost of living, thus determining the standard to which the people are accustomed.

In Burma, and, for that matter, in many parts of India, as we have seen, the proportion of the net product that has been laid down as the maximum is one-half. In practice it is now usually much less. In Burma, before the settlements were made, instead of attempting to determine 50 per cent of the net product, it was customary to take as the standard 20 per cent of the gross product; but the net product is considered to be the proper basis from which the land revenue is to be reckoned.

For the determination of the cost of production there is ordinarily calculated the cost of seed, the hire of cattle, the hire of laborers, the depreciation of implements, the loss by death of cattle, the hire for grazing. Where a person does his own work the settlement officer considers his time as if he had hired others to do the work.

The standard of living is ordinarily determined by careful inquiry on the part of the settlement officer from as many cultivators as possible as to the amount of food consumed, the cost of the huts in which they live, the amount given for religious and charitable purposes, etc. The settlement officers, being usually men who have lived for many years among the people and who thus know their customs, are able to make very accurate statements regarding the cost of living of a people whose habits are as simple as those of the Burmese.

A distinction is, of course, made between land held with full title

and land merely rented from the State. For example, in some parts of Burma land on leasehold from the State pays two rupees per acre more than land owned. As it is to be presumed that the owner of the latter has already put capital into the land, the justice of the distinction is evident. The Government now favors alienation on permanent leasehold tenure with right of periodical revision of rates. Private ownership is a matter of historical descent ordinarily.

Private improvements.—It should be noted that in fixing the value of the land, as indicated, it is the intention not to include the value of any private improvement. If, for example, an individual spends time and money in digging a well and has thus increased the value of his special crop, he will himself reap the special advantage of it, inasmuch as the average crop of the kwin is taken as the standard. Moreover, if he has through his thrift provided storehouses so that the quality of his grain is better than the average, or so that he has saved a larger percentage than others, he likewise as an individual gets the advantage. It is, of course, understood that individuals may in this way in the course of years increase somewhat the average productivity of the kwin. In that way these improvements add somewhat to the burden, but, speaking generally, the private improvement does not increase the assessment. In calculating the average value of a crop the assessment officer will naturally take into account the advantage that comes to the cultivators from good roads, canals, etc., which enable them to get their crops to market with less expense. This result would be reached either by taking the value of the crop on the ground, which, of course, would be higher where access to the market is easy, or, if the custom were to sell the crop in market towns at a distance, to include the expense of transportation in the cost of cultivation. Improved methods of communication would in that way lessen the cost.

Irrigation.—The advantage that comes to individuals from public irrigation works constructed at the expense of the State is reached in a different way. Under these circumstances there is a special irrigation fee levied upon each landholder in proportion to the amount of water used. The irrigation works are under the control of the State, and water is given to each individual under the direction of state officials. The added irrigation tax is thus under careful control.

Remission of taxes.—In most places, especially in some of the poorer parts of India, if for any reason whatever there is a failure of crop, it becomes necessary to remit the tax for the year. This remission is in the discretion of the higher tax officials. A report from a village showing that a crop has failed accompanied by a suggestion from the local tax official that the tax be remitted, is taken into consideration, investigated, and under proper circumstances the request is granted.

The same general principles that apply to rice land apply also to that on which other crops are grown. The fields are classified in proportion to their productivity, and the average annual net value of the crop is ascertained in a similar way. Somewhat more care is taken regarding the rice lands in most parts of India and especially in Burma because that is the chief crop and because also it is of such a nature that it can be most easily and efficiently controlled. Appendix I will show briefly crops, costs, and recommended assessments.

Period of settlement.—From what has been said the method of settling the rate of taxation at a fixed number of rupees per acre will be

understood. As has been already intimated, this rate once fixed remains the same during the settlement period, ordinarily thirty years. In some cases the period is lessened to ten or fifteen years. In other cases, without any special period being fixed, it is understood that the rate will remain the same unless there are changes in local conditions. For example, in the State of Hyderabad, where the general principle of assessment is the same as that described, the chief revenue officer has the power to increase the rate per acre in any locality by a certain percentage. If, for instance, a new road should be put through which would increase the net value of the crop, or if for any other reason a change of this general nature should be deemed advisable, the rate would be changed.

In Burma the regular settlement period is thirty years, but the first settlement is sometimes for five years, so as to test it. During this period it is the business of the local tax officials to keep accurate record of every change in ownership or of any change in the nature of the crop which would modify in any way these assessments. The local tax official, with the aid of the local surveyor, modifies the map of each kwin every year, so that the maps will always be up to date. At the end of the settlement period the new settlement officer will find the work of survey all done. The former investigations regarding the character of the soil will probably have been complete enough so that little need be done in the way of making new investigations of that kind. He will need to take into consideration mainly only general changes of conditions such as have come from new roads, new canals, new irrigation works, the changes in the average value of the crops arising from the changing character of the products or from general changes in the market prices, etc. The work is a burdensome one, and an extremely important one when it is first done; but once well done, the work of revision at any time thereafter is simple and inexpensive.

Records.—Of course the records of all landholdings, with transfers, mortgages, etc., together with detailed maps, assessment collections, and all needed details, are kept in the district office, so that there is always a check on local officers and a ready source of information for higher officials.

Collection of tax.—The system of collection of the taxes is comparatively simple, and in Burma is substantially the same as that in most other civilized countries. The regular tax collector is the "thugyi;" that is, the head of a group of villages, or, of late years, more frequently the village headman. He is paid a certain percentage of the tax actually collected, the rate being fixed by the financial commissioner. In most districts of Upper Burma the rate has been 10 per cent on the first thousand rupees collected and 5 per cent on sums above that. Of course these rates are subject to revision at any time when conditions require it.

In case default in payment after proper demand has been made the movable property of the defaulter may be levied upon and sold, or in case of need the immovable property may likewise be sold.

Agricultural loans.—In order to favor the cultivators, to protect them from usurers, and to insure the proper development of the land, the Government of India has made provision for advancing money to the cultivators whenever an advance can be profitably used. Such loans are made for the construction of wells, tanks, etc., the prepara-

tion of land for irrigation, the drainage or reclamation of land from rivers or its protection from other damage by water, the clearance or inclosure of land for agricultural purposes, the purchase of bullocks or tools, or any other purpose which the local government, with the previous sanction of the governor-general, may declare to be suitable for the purposes of the act. Such loans when granted are payable in installments, the period being ordinarily thirty to thirty-five years. The loans, with interest and costs, if any, are collectible with the regular tax, and by the same means, if necessary, as a defaulted tax. The local officials are expected to keep careful watch with regard to such loans in order to see that proper use is made of the money and that the borrowers remain in condition to repay the loans as they fall due.

The settlement officers have usually found the farmers much burdened with debt, sometimes not more than 20 per cent being free from such a burden. The debts are often made carelessly to pay expenses of a wedding, to celebrate a feast, or to engage in some speculation. The money is often spent. As long as credit is not exhausted the inability to pay does not seem to trouble the debtor seriously. In Burma the rates for such loans are often 5 per cent a month. Even then some prefer this to State loans. The State usually asks for sureties, and a surety sometimes demands half the loan. Besides that the State officials collect promptly. It is very desirable that a State loan system be put in on a really workable basis with such a people.

C. OTHER TAXES.

The "thathemeda" tax.—Before the time of the British occupation the most common form of tax was the thathemeda. This is a tax levied upon the village as a whole in proportion to the number of heads of families in the village. Households whose heads belong to certain classes of persons are exempt; for example, certain government servants, ministers, priests, the headmen of circles or villages, persons incapacitated from earning their own livelihood, subjects of foreign countries, pensioners, newly married people for one year after marriage, etc. The headman submits to the collector before the day fixed a census roll of all the households, giving the names and occupations of the adult members of these households. When the number of those subject to assessment is determined the collector levies the tax upon the village as a whole at a certain fixed rate per head. The rate most common in Upper Burma at the present time is 10 rupees. Under certain circumstances the rate may be made higher or lower. It is expected that the settlement officer in fixing the rate of the land tax will take into consideration also the amount of the thathemeda tax, and where that is high the land tax would be made correspondingly low.

In each village two officials are elected by the villagers to assist the headman in the distribution of the tax among the villagers. The assessment is supposed to be distributed in proportion to the ability to pay. In consequence, the wealthier resident of the village, if the average tax is 10 rupees, may be required to pay 40 or 50 rupees, while others, even those not exempt, may not be required to pay more than 1 or 2 rupees. Inasmuch as the officials who distribute this thathemeda tax are elected each year, and inasmuch as, owing to the smallness of the villages, the financial condition of everyone in the village

is known with substantial accuracy, it is believed that this tax is almost universally distributed justly.

Fisheries.—Under the custom of the country the exclusive right of fishing in Burma belongs to the Government. In order to provide for the protection of the right, as well as for securing revenue, a special act was passed (No. VII of 1875) for the regulation of the fisheries. Under this act the Government determines the ways in which the right to fish shall be sold, and the rate at which and the conditions on which licenses to fish can be granted.

Salt duty.—An excise duty on salt is general in India. It is levied sometimes by quantity, sometimes by means of a composition rate per vessel used in the manufacture of salt. As an offset, there is also an import duty levied on foreign salt. Finding that the excise duty was, on the whole, less than the import duty, there was an enhancement on January 1, 1901, of 25 per cent on the rates levied in Lower Burma.

Stamp duties.—Another source of income is from the sale of stamps upon various kinds of legal papers. There is also an excise duty collected in the form of licenses upon the sale of imported as well as home-fermented liquors. The licenses in certain cases are sold by auction, and the competition between Rangoon Chinamen and Chinamen from the Straits Settlements to secure the licenses of all the Chinese liquor shops in Rangoon increased the revenue during the year 1900 to a material extent.

The license for the sale of opium is also a source of revenue, as well as the duty on imported opium.^a

INCOME TAX.

Subjects of taxation.—Under the pressure of the tax burden which had in part been increased by the depreciation of silver, it was thought best, in 1886, to impose an income tax in India. This tax applies quite generally throughout all the different provinces, but certain exceptions are made for different classes of the population owing to local circumstances. Rules for ascertaining and determining the income liable to assessment, for fixing exemptions and deductions that are to be allowed, for preventing disclosure of particulars of a private nature, etc., are made by the governor-general in council and published in the Official Gazette.

Speaking generally, this tax is to be levied upon all salaries and compensations, profits of companies, interest on securities, and all other classes of income, excepting the rents and revenues derived from land used for agricultural purposes, or from agriculture or industries immediately connected with that which pay already a sufficient amount in connection with the land tax.

Rates of taxation.—The rates to be levied are as follows:

On salaries, annuities, compensations, or gratuities, whether paid by the central government, by local authorities, or by companies, the rate is to be 5 pies in the rupee if the income amounts to 2,000 rupees per annum, and 4 pies per rupee if the income is less than 2,000 rupees per annum. This gives a rate, speaking roundly, of a trifle more than 2 per cent on the smaller salaries and a trifle more than 2½ per cent on the larger salaries.

^aCompare section on Straits Settlements and Federated Malay Settlements.

Companies pay 5 pies in the rupee on their net profits for the year. In making out the schedules of incomes companies are distinguished as banks, building companies, cotton spinners, the various kinds of insurance companies, or other special classes of company.

The income from interest on securities is assessed at 5 pies in the rupee, unless the owner of the security proves that his annual income from all sources is less than 500 rupees, in which case he pays no tax, or unless he proves that his income from all sources is less than 2,000 rupees, in which case the rate is 4 pies in the rupee.

Miscellaneous incomes not included in the sources above mentioned are assessed in accordance with the following table:

(a) If the annual income is assessed at not less than 500 rupees but less than 750 rupees, tax shall be 10 rupees; at not less than 750 rupees but less than 1,000 rupees, tax shall be 15 rupees; at not less than 1,000 rupees but less than 1,250 rupees, tax shall be 20 rupees; at not less than 1,250 rupees but less than 1,500 rupees, tax shall be 28 rupees; at not less than 1,500 rupees but less than 1,750 rupees, tax shall be 35 rupees; at not less than 1,750 rupees but less than 2,000 rupees, tax shall be 42 rupees.

(b) If the annual income is assessed at 2,000 rupees or upward, 5 pies in the rupee on the income.

Rules of administration.—In connection with an income tax the chief difficulties are always to avoid too inquisitorial proceedings and to determine what deductions are to be made from the gross receipts in order to determine the net income, as well as to determine whether any sources of income are to be exempt. Under this law and the rules made in connection with it, the incomes chosen are largely those which are definitely fixed, like salaries, etc., or those of corporations whose accounts under the English law are subject to state inspection. Of course, not all can be brought under these heads.

Individuals are allowed to deduct sums paid for life insurance, or for the purchase of annuities on one's own life or the life of one's wife, and for certain other investments of a similar nature up to one-sixth of the income. Persons living in certain sections of the country whose incomes are reached under different kinds of taxes are also exempt, as are the incomes of universities or other associations for educational purposes and certain official allowances given for political purposes to native princes or States. Certain other minor exemptions of a similar nature may also be noted.

In the case of trades or professions there may also be deducted sums expended for repairs, insurance, rent, provided they are solely for business purposes and not for house rent, salaries of subordinates, losses on the stock exchange, excess of losses sustained in any one or more professions or trades over and above the profits, to be set off against the profits of any other profession or trade exercised by the same company, bad debts when first ascertained and written off during the year, interest on money borrowed for purposes of trade, amounts actually set apart for depreciation up to the limit of 10 per cent on the value of the machinery and plant, etc.

It is, of course, true that in the administration of any such law there are likely to be very many cases of controversy arising which can not easily be brought under general rules, but which must be settled as they rise by the executive body properly constituted under the law for that purpose.

According to the report upon the administration of Burma for 1900-1901, the revenue during that year from the various sources is shown in the following table. Sufficient description has perhaps been given of some of the sources of revenue, and for those which have not been explained the tax is so near the usual form that no special explanation is necessary. It will be noted that the collections are in rupees, and that the figures are separated in accordance with the usual custom, so as to enable one to read by lacs as well as in the usual form.

REVENUE OF BURMA, 1900.

	Demand.	Remissions.	Net demand.	Collections.
	<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>	<i>Rupees.</i>
Land revenue.....	1,80,42,896	65,988	1,79,76,908	1,76,35,451
Thathameda.....	58,40,756	21,133	58,19,624	58,13,731
Officials.....	23,25,756	26,549	22,98,468	22,91,000
Capitation.....	45,03,983	36,188	44,67,795	44,66,537
Land rate in lieu of capitation.....	81,718	293	81,425	81,425
Miscellaneous land revenue.....				11,73,769
Water rate.....	1,95,898	4,671	1,91,227	1,71,136
Opium.....				26,84,915
Salt excise.....	1,94,164		1,94,164	1,95,363
Stamps.....				20,83,439
Excise.....				27,97,623
Provincial rates.....				14,92,373
Customs.....				1,00,57,465
Forests.....				80,61,576
Registration.....				1,01,116
Income tax.....				11,19,800
Total.....				6,02,26,719

D. TAXING AUTHORITIES.

There is no need for our purpose to enter into much detail regarding the officials who administer the revenue. As Burma is a part of India, the acts under which the taxes are collected are primarily Indian laws. The principle which applies to Burma applies, speaking generally, to the other provinces and presidencies, although in some of these there is a board of revenue, each member of which takes control of some special subject—one of land revenue, another of excise, customs, etc. In the province, of course, the chief commissioner or the lieutenant-governor, together with his council, is the chief controlling authority. In each province there is a department of land records and agriculture and a department of revenue. When the settlement has been made in accordance with the process already explained, it must receive, in the first instance, criticism and more or less qualified approval from the commissioner of the division in which the settlement work has been done. It is then transmitted to the settlement commissioner for Burma, who makes what notes and suggestions seem to him wise, and then transmits the report to the financial commissioner for Burma, who, in turn, criticises, suggests, and transmits to the lieutenant-governor in the revenue department, who passes a resolution fixing the rates. It will thus be seen that these tax rates have received the most thorough criticism from a series of experienced officials in the revenue department.

The other tax laws, such as the license, capitation taxes, etc., are passed upon as are ordinary laws.

In the administration of the land laws within the local areas we find, first, ordinarily the headman of the village, together with his

secretary, who keeps the records and collects the taxes. In some cases, instead of the headman of the village, there is a supervising officer of a group of villages. He reports to a collector; he to a commissioner, etc., under whatever names the various district or provincial officers may be known in different parts of India.

The essential thing to note is that the first collector is usually the local headman of the village, either chosen by the officials or holding his position from heredity, and that where this system has not been adopted there seems to be a tendency toward emphasizing the village organizations in tax administration. Also we should emphasize the great care that is taken in fixing the rates through the provisions for settlement, and the careful supervision exercised by the British officials.

E. LOCAL AND CENTRAL REVENUE ADMINISTRATION AND EXPENDITURE.

The taxes which have been discussed heretofore are those raised for the central Government of Burma and to be expended under the direction of the administrative officials of the central Government. In other parts of India the purely local funds are of very slight importance. In Burma there is a small income received by the district for license fees, for markets, slaughterhouses, cattle pounds, ferries, etc., also certain small sums derived from fines inflicted in the lower courts, and from the rental of rooms in the Government "rest houses" (dak bungalows).

The money thus derived is expended under the direction of the deputy commissioner for purely local uses, such as the repairing of the markets, the keeping in order of the ferries, cattle pounds, etc.

In Lower Burma instead of these licenses there is levied a tax (cess) of 10 per cent or less added to the land revenue. This "cess" is for local purposes and the sum raised is expended under the direction of the deputy commissioner. In other parts of India the "cess" is also found, sometimes as high as 12½ per cent.

From what has already been said it will be seen that the local expenditures that are made directly by the local authorities are of slight consequence. Expenditures for the support of country schools, for the repairing of roads, bridges, etc., for the drainage of certain tracts of land, and similar purposes which are usually in the United States matters of local concern, are in Burma cared for through the central Government. The immediate expenditure of money is usually made by the deputy commissioner acting as the agent of the central authorities, and directly responsible to such authorities.

"Acquiring merit."—Many local improvements of a public nature in Burma, such as building wayside rest houses and small bridges, digging wells, planting trees, etc., are done by private persons for the purpose of "acquiring merit" from the religious point of view. More frequently pagodas are built with this end in view, but public works are done with sufficient frequency to produce a noticeable effect on the welfare of the people. Of like import is the planting of tamarind trees by the villagers with the primary purpose of affording shade to cattle, but with the further understanding that the fruit is to be gathered only by the poor to relieve their necessities.

NOTE.—There accompany this report printed copies of Indian Settlement Reports to be deposited in the War Department and with the Philippine Commission.

THE STRAITS SETTLEMENTS AND FEDERATED MALAY STATES.

LAND REVENUES.

Introduction.—In these English dependencies the taxes on land are less important as sources of revenue than are the opium and spirit farms or the export duty on tin. Inasmuch, however, as the land taxes are dependent upon the system of land tenures, including mining tenures, and inasmuch also as the whole system has been formed with special reference to the development of the country rather than to the securing of revenue, it seems important to explain it in some detail.

The land system of the Straits Settlements is somewhat more complicated than that of the Federated States, inasmuch as there were more transfers of land under the earlier colonial system. In consequence we find some holdings under old Indian laws, practically in fee simple, with a tax of five per cent on the rental value. For the last few years, however, an effort has been made to bring as nearly as possible into conformity the systems of the Straits Settlements and the Federated Malay States. On that account it seems best to explain as an example of what is considered their last and best type of land system, including both the question of alienation of land and that of land revenue, the system of Perak, the most advanced of the Federated States. The question of mining claims will be treated separately.

Land grants.—The agricultural land is at the present time alienated by grants, ordinarily in perpetuity, under special conditions laid down, and these grants of agricultural land, it is expressly stated, do not apply to mining lands. Furthermore, the grant vests in the holder "a surface right only in the land granted and no right of removal beyond the boundaries of the said land of any timber or other jungle produce or any gravel, stone, coral, shell, guano, sand, loam, or clay without license shall be conveyed thereby." (Enactment 17 of 1897, Part I, section 8.)

The State lands for purposes of alienation are divided into three classes: Town lands; country lands 100 acres in area and under; country lands exceeding 100 acres in area.

General conditions of alienation.—The lands are alienated at certain rates to be paid as an annual quitrent, sometimes associated with premiums to be paid down, sometimes not. The rent for any land sold under this law is liable to a periodical revision whenever the resident shall give notification to that effect. Such notification, however, can not be given until after the expiration of five years after the act came into operation. Moreover, when the notification is given to apply either to the whole of the State land or to any particular district, the revision can not take place until thirty years after the notification has been given. The result of this provision is that the land purchaser knows exactly what the annual quitrent will be for a period of at least thirty years, and it is quite probable that the rent will not be revised for a considerable time longer. It is also expressly stated in the law that if such revision of the land rent is made no improvements made by the landowner or by his predecessors in title are to be taken into account. In the Straits provinces much land has been alienated with the reservation of the right to revise the rent in 1914, it being agreed, however, that the rate can not be increased at that time more than 50 per cent.

On the other hand, the State protects itself against abuse of the privileges given the grantee by provisions that if the grantee fails to observe the conditions of the grant, upon due notice the revenue officer on behalf of the State may reenter such land, and the land itself may be forfeited to the State. If the breach of conditions or default is one that can be repaired, the land is not forfeited until after the grantee has had sufficient time, after due notice, to repair such default.

The government reserves to itself the right to make rules through the resident, with the approval of the resident-general, to carry out in detail the provisions of the act, particularly as regards forms in which applications shall be made, of sale by auction, fixing of rents, methods of preparing and cultivating certain lands by natives, granting of licenses for taking timber, firewood, gutta-percha, or for removing guano, lime, gravel, etc., and prescribing the payments to be made for such licenses.

The chief conditions under which the agricultural land is to be granted are as follows: The land must be carefully surveyed and demarcated, so that there can be no question about the exact location and extent. The fees for the survey are paid by the grantee, and vary from \$3 (Straits silver) up to \$3,225 for 6,000 acres, with an additional fee of 30 cents for every acre additional.

It is also provided that every grant is taken subject to the implied conditions (1) "that the entire property in and control of all rivers, streams, and water courses throughout the state is, and shall be, vested solely in the ruler thereof," and (2) "that there shall be reserved to the ruler of the state a belt of land 50 yards deep along the banks of all navigable rivers, streams, and creeks, and along the seashore." (Sec. 16.)

Town lands.—In towns all state lands must be sold by auction, subject to certain conditions beyond those already given, particularly that the landmarks shall be maintained, the rent shall be properly paid, and that no portion of the land shall be used for the burial of a human body without the authority of the government. The state also reserves the right of making drains and sewers, constructing irrigation works, laying down water pipes, erecting wires for telegraph and other electrical communications, and so on without special compensation, provided, of course, that if such changes interfere with improvements, proper compensation shall be paid.

The regular rent which is to be paid is on building lots in town, of 2,400 square feet or under, \$2, and on building lots in villages \$1. In case town lands are sold by auction, as is the case in certain instances, the annual quitrent will be \$5 per acre, on village lands \$2 per acre.

Of course when these town lots are sold at auction it is the expectation that the bidding of a premium for the purchase of the land will enable the state to realize the proper value of the land. The resident is also authorized, in order to secure a reasonable price for the land, to fix a certain upset price, so that in case of a scarcity of bidders a reasonable amount would still be secured. In the valuable parts of the Straits provinces premiums as high as \$50 or even \$100 (silver) per acre are at times secured. At present the premium is usually put into the form of an addition of 5 per cent to the annual quitrent.

Country lands 100 acres in area and under.—Provision is made, in the first place, to enable any native who is holding any land under ancient customary tenure, but who has not taken out a lease or title

under the later laws, to have his land surveyed and to be registered as the owner of such land subject to quitrent, in the same way as if he had acquired the land under the provisions of this new enactment. Such country lands can be entered by any properly qualified person upon the payment of survey and demarcation fees and upon the payment of the regular rent. Ordinarily the land in Perak is classified into three classes, depending upon the soil, location of the lands, and the water supply. The rent for rice land is for that of the third class 50 cents per acre; for the second class, 75 cents per acre; for that of the first class, \$1 to \$2. The classification is determined usually by calculating the value of the rice crop per acre in that neighborhood, and the rent is then fixed at 10 per cent of that value less one-third of that tithe for losses in bad years. In connection with such valuation, however, the proximity of the land to the nearest market, the facilities for irrigation and draining the land, and the necessity for fencing the land are to be taken into consideration. It is also understood that no quitrent will be less than 50 cents per acre. No fraction of 10 cents of a dollar will be recognized, and no part of an acre less than a quarter shall be considered, anything over a quarter and less than a half, for example, being considered as half an acre, etc.

In order to be sure that the land is properly held and cultivated and not used merely for speculation, it is provided that any land shall be deemed to have been abandoned when it has not been cultivated by the owner or anyone on his behalf, and that any land thus abandoned for three consecutive years shall be liable to forfeiture, even though quit rent may have been paid during the whole or part of such period. Of course such forfeiture has to be effected in due form by publication, posting of notices, etc.

Country lands exceeding 100 acres in area.—Lands less than 640 acres in extent may be granted for the payment of an annual quit rent in accordance with the terms of the grant, and sometimes for the further payment of a premium agreed upon, but in every such grant the Government reserves the right to reenter on said land and forfeit it, provided (a) a bona fide commencement be not made to cultivate the land within twelve months of the date of the grant, and (b) if the land be not cultivated to the extent of one-quarter of the entire area within five years. In the latter case the Government may resume such portions as are not under cultivation, unless in the grant certain belts of jungle or other plots of land were reserved for special purposes required for the management of the estate, and provided also that to the grantee shall be reserved the right to retain possession of 2 acres of land in respect of each acre that is then under cultivation.

Any grantee who has fulfilled the conditions of cultivating one-quarter of the area within the required period of five years is entitled to have a memorandum of such fact indorsed on his grant, which relieves him from further liability in that direction.

Grants exceeding 640 acres in extent are subject to the implied condition that the land shall be cultivated to the extent of one-quarter of its area within five years from the date of grant and to such other conditions and obligations as shall be prescribed.

These provisions regarding the cultivation of the land or its consequent forfeiture, it is evident, are inserted in order to prevent the mere acquirement of title to land to hold it out of the market for speculative purposes, and they seem to be in the public interest.

Provisions to encourage landholding.—On the other hand, very liberal provisions have been made for those who wish to undertake cultivation bona fide. For example, a notification was issued as early as 1875 with special reference to the native Malays, saying that waste land would be alienated for planting purposes to any native applicant, allowing him to occupy and clear the land free of rent for three years on the payment of a fee of 50 cents, less than 25 acres; \$1, between 25 and 50 acres; \$2, between 50 and 100 acres; \$5, between 100 and 500 acres; \$10, between 500 and 1,000 acres; \$25, for more than 1,000 acres.

A permit holder had also the right of purchasing, at the expiration of three years, the land that he had cleared, and holding it as his property in perpetuity, subject, of course, to the usual conditions. In case the permit holder should not purchase the land within three months after the expiration of his permit it would revert to the State. The produce from such land would have to be liable to an export duty of not over $2\frac{1}{2}$ per cent ad valorem.

Provisions to encourage large investments.—Other notices issued in 1878 and 1891 called the attention of larger investors to special advantages to be secured by coming to the State of Perak. (See Appendix II.) It will be noted that they are granted freedom from rent for a considerable period provided that they will introduce new agricultural industries, such as the cultivation of coffee, tea, or sugar, and that the land will be secured to them in perpetuity on the payment of a very low rate. In 1897 another effort was made to secure investment of capital in the cultivation of gutta and rubber, as appears in Appendix III.

Provision is also made that in case a person holding a grant of land subject to quitrent desires to do so he may at any time surrender such land provided that the rent and all arrears, costs, and charges have been paid. (Section 18.) All of this land is, of course, alienated, subject to the usual provision that the State may take any such land for public purposes on the payment of due compensation.

The usual provisions are also made regarding the collection of rents, giving power to the proper revenue officials to levy upon personal property and real estate, and to sell the same if necessary in order to collect rent overdue.

Land registration.—The State of Perak has made use of the so-called Torrens system of land registration, and the experience of the office shows most satisfactory results. It is to be noted that the regulations for the administration of land differ from that in some of the other States that have adopted the Torrens system in that "no registrar nor any person acting under the authority of the registrar shall be individually liable to any action or proceeding for or in respect of any act or matter bona fide done or omitted to be done in the exercise or supposed exercise of the powers of this enactment," and that no provision is made for any fund from which any landholder damaged by the act or omission of a registrar can secure compensation further than this, that the courts may take proper action in the case of actual fraud.

Land rented for special purposes.—It will have been noted that these grants of land for agricultural purposes expressly exclude the use of the land for any other purpose unless proper licenses are issued therefor. It is provided, however, that the land may be alienated temporarily on the payment of a quitrent, and that the proper official may issue licenses to persons who are desirous of manufacturing bricks,

tiles, or any form of pottery or earthenware, or of burning lime, to occupy and use such land under the license for a period of not over ten years. It may even be permitted to any community to remove clay from such land without the payment of rent on the payment of a mere nominal fee. In case, however, licenses are granted for removing any material of the kinds mentioned, the license specifies how much is to be removed, the time for which it is to be taken, the place to which it is to be taken, etc. No license is to be granted for the export of guano from the State.

Control of Asiatic cultivators.—In order also to secure proper cultivation of the land it has been provided that when rice fields are cultivated by Asiatics the collector, after consultation with the local native officials of the district, may name the date for the beginning of the rice cultivation. When this is done the Asiatics must, within a period of fourteen days after the date named, begin to prepare their fields by clearing water courses, burning stubble, strengthening the banks, and by establishing nurseries of rice seedlings. The collector may further fix the time at which seedlings shall be transplanted from the nurseries to the fields. In case these rules laid down by the collector are disregarded he may authorize the holder of adjoining lands to clear and cultivate such land without any payment beyond any quit-rent which may be due. Under those circumstances no persons excepting those so authorized may exercise any right over the land until in the opinion of the collector a reasonable time has been allowed for the taking of the season's crop.

MINING LANDS.

The management of mining lands is so exceptional in its nature that a special law has been provided regarding them. With the exception of lands already alienated before the passage of the present enactment on May 6, 1899, mining lands are leased with special reference to having them promptly worked and to prevent their being held in private hands for purposes of mere speculation. The usual rate is \$1 per acre quitrent and such premium as may be secured by selling the lease at auction.

Lands within the limits of any town or railway or near enough to rice fields to interfere with their cultivation are not to be alienated for mining purposes without the consent of the English resident, who is, of course, the real executive head of the government. Likewise the consent of the resident is required before an area exceeding 25 acres can be alienated. The usual provisions regarding accuracy of survey are enforced regarding mining lands.

Powers under lease.—The mining lease when granted vests in the lessee the right to work all metals and minerals and to treat and dispose of the same during the term of the lease;

To use necessary lands for the erection of houses, coolie lands, sheds, or other buildings, for growing plants or vegetables, or for keeping such animals and poultry as in the opinion of the mine warden may be considered reasonable for the purposes of the mine;

To use all timber, jungle produce, and so on upon the land, but not to remove beyond its boundaries any timber, granite, coral, guano, clay, etc., without the special license already mentioned under the discussion of the land laws.

Conditions.—Besides the obligations to pay the quitrent in the proper manner and to keep up the landmarks, it is also provided that the mining operations shall be commenced within a period of six months from the date of issue of the lease; that within a further period of six months there shall be employed thereon not less than such number of coolies as shall be mentioned in such lease, or manual-saving machinery equivalent thereto calculated at the rate of one horsepower to eight coolies.

Furthermore, the lease is liable to forfeiture if the lessee shall cease to carry on mining operations or shall fail to employ the prescribed number of coolies for more than twelve months, unless for special reasons special exemption is granted. If mining operations cease for two consecutive years the lease is absolutely forfeited without notice to the lessee.

If on land which has been leased for the purpose of working alluvial deposits any mineral in the form of lodes, pockets, etc., is found or any mineral oil, he must work the same if required by the resident to do so; otherwise he shall be liable to the forfeiture of his lease, although in the latter case he shall receive reasonable compensation for any loss or damage sustained in consequence of the surrender. Such compensation would not include anything on account of any mineral deposit which he has failed to work.

The lessee must carry on all of his mining operations in accordance with the general regulations laid down by the mining laws and enforced by the mining warden and inspectors. In such matters he is under the direction of the mining warden.

If a lessee desires to renew his lease the renewal shall be granted, provided application is put in twelve months before the expiration of the current term of lease, and it is shown that he has complied with its obligations.

The usual provisions regarding transfers, subleases, charges of various kinds upon the land, caveats to protect the interests of other claimants, etc., are provided in the forms usual under such circumstances.

Special licenses.—Licenses for individual mining of alluvial deposits may be issued by the collector, to remain in force until the last day of December in the year in respect of which it was issued. The licensee must work in a manner approved by the warden or inspector; otherwise the license may be forfeited.

Licenses are also granted to prospectors, giving the licensee the right to undertake and continue such prospecting as is reasonably necessary to enable him to test the metalliferous qualities of the land. The prospector may dispose of minerals raised in the course of prospecting operations upon the payment of such royalty or export duty as may be fixed by law.

Such license gives not merely the right to prospect for all metals and minerals, but also the prior right to select and receive a lease for a block of mining land in the event that the resident is satisfied that the licensee has done a sufficient amount of prospecting work to entitle him to the land. He may also have his prospecting license continued under similar conditions.

Control of water rights.—The law also makes careful provisions regarding the use and control of rivers, streams, and water courses throughout the State, so that the water power may be distributed in

connection with the mining operations to the best advantage of all without granting exclusive privileges to certain individuals so that the rights of others may be seriously injured. Licenses to divert, make use of, and deliver water from one of these water courses are also granted at the discretion of the warden.

Powers of warden and inspectors.—The warden and the inspectors under his direction are authorized to insist upon such conditions as may be necessary for the protection of life and property, including the power to compel the licensee to erect proper fences, to timber and support shafts, galleries, and underground passages, to ventilate underground workings, etc. Hydraulic working is prohibited except under license issued by the warden. The warden has also the power of a magistrate of the first class, to compel the attendance of witnesses in order to enable him to settle disputes between occupiers of mining land, or between miners and third parties as to questions concerned with mining operations. No advocate or solicitor is allowed to practice or appear for any person in the warden's court. The warden may refer questions himself to the civil courts, or persons interested or aggrieved may appeal to the courts for final decision of disputed questions.

It is within the power of the resident, with the approval of the resident-general, to pass other general rules for the regulation of mining operations.

Duty on exports.—All minerals or metals that are won from mining operations are liable to such royalty or export duty as the resident, with the approval of the resident-general, may from time to time fix by notification in the Gazette. The rates of duty now levied in the State of Perak are given in Appendix IV.

It is also lawful for the resident to commute for a fixed annual payment in respect of every miner employed any royalty or export duty upon metals or minerals. In case such commutation fee is imposed, the warden may insist upon having produced before him the metals and minerals won before they are sold.

Resumption of lands.—The State may at any time resume for mining purposes all the lands alienated before or after this enactment by paying to the grantee compensation for the value, other than metal-liferous, of the land so resumed and of the improvements thereon. The compensation, in case of disagreement, would be assessed by arbitration in the usual form.

Actions against officials.—It will be noticed that very much power has been given to the warden and other officers connected with the enforcement of mining laws. In consequence it has been thought necessary to protect these officials by forbidding any action to be brought against them for anything done, or in good faith intended to be done, under the powers given by this enactment without giving such person one month's notice in writing of the intended action and of the cause, or after the expiration of three months from the date of the accrual of the cause of action or after tender has been made of sufficient amends. In case action is brought against officials it shall be expressly alleged that the defendant acted either maliciously or negligently, and without reasonable or proper cause. If at the trial the complainant shall fail to prove such allegation, judgment must be given to the defendant.

Besides these general provisions for the leasing of mining lands and

the protection of the interests of the State in connection with them, there are other brief provisions protecting the interests of those who have inherited such lands previous to the date of the operation of this enactment. Such holders are free from the payment of ground rent, but the holders shall be limited to the working of alluvial tin only, and the right to such land is liable to forfeiture if the right to work it be not exercised for a period of two consecutive years.

OPIMUM, SPIRITS, AND OTHER REVENUES.

Opium.—As the resident-general of the Federated Malay States said in his last annual report, a very large revenue is derived from the vices of the Chinese. In the case of the Straits Settlements, probably two-thirds of the entire revenue comes from opium and spirits. In the Federated Malay States, as we have already seen in the report on labor, the export duty on tin furnishes the largest part of the revenue, but in the year 1900 the duty on opium alone amounted to nearly \$2,000,000. The right to sell opium is farmed out to a Chinaman, who, as farmer, pays a large sum into the treasury for the privilege, as will be explained below.

In both the Straits Settlements and the Federated Malay States the importation of opium is also very strictly regulated. No one is permitted to import it unless he be the farmer or some person licensed by the farmer to sell opium, or the manager of a mine or workmen acting under his instructions.

The ports at which opium may be imported are strictly limited. The hours of the day within which opium may be landed, the securing of permits to land opium, and other details in connection with its importation are strictly regulated in the law.

Opium imported is liable to the import duty whether it is imported by the farmer himself or by others. The governor of the Straits Settlements or the resident in the Malay States may, on due notice, after consultation with the farmer, fix the number of chests of opium that may be imported monthly for consumption. The price at which opium shall be sold at wholesale or at retail, the persons to whom such sale may be made, the quality of the chandoo (prepared opium), and all similar matters are fixed in regulations made in accordance with the law. The following copy of the regulations for the State of Perak, passed in 1900, which may be considered typical, show with a reasonable degree of fullness how carefully the Government keeps control:

RIGHTS CONFERRED UPON THE FARMER.

The exclusive right of importing opium for use in the coast and Lower Perak farm districts, on the payment of a duty of \$12 per ball, and of selling, making, preparing and licensing others to sell chandoo and opium dross therein; provided that managers of mines and their workmen shall be entitled to import opium and prepared chandoo and opium dross solely for their own consumption.

REGULATIONS.

1. In these regulations the words "district magistrate" shall, as regards Larut, be taken to mean the secretary of government.

"Opium" means any kind of opium not prepared for smoking, chewing, or eating, and includes the leaves or coverings in which opium balls have been wrapped.

"Chandoo" means any preparation of opium, or of morphine, or of any alkaloid of opium, or any preparation in which opium or morphine, or any such alkaloid forms an ingredient, which preparation is used or intended to be used for smoking, chewing, swallowing, or injecting, and includes "opium dross."

"Opium dross" means the refuse of chandoo which has been used for smoking, whether reprepared for use or not.

"The district" means the coast and Lower Perak chandoo farm district.

2. All opium imported for use within the limits of the coast and Lower Perak farm shall be landed at Teluk Anson, Port Weld, Parit Buntar, or such other place as may be approved by the resident, and shall be cleared in accordance with the provisions of order in council No. 6 of 1894.

3. No opium imported by miners shall be landed in the coast and Lower Perak farm district until a permit to land them, indorsed by the farmer, shall have been obtained from the customs officer, for which permit and indorsement no charge shall be made.

4. The importation of chandoo by the farmer, or by any other person whomsoever, into the state is prohibited.

5. All opium imported or brought into the district shall be liable to the import duty in force for the time being. This rule extends to the farmer.

6. The resident may, by notification in the Gazette, after consultation with the farmer, fix the number of chests of opium that may be imported monthly for consumption in the district.

7. The retail price of chandoo of the best quality shall not exceed \$1.85 per tahlil, or 21 cents per chi, if bought in smaller quantities than 1 tahlil, and not more than 25 tahlils of such chandoo shall be manufactured from one ball of opium.

8. All persons within the limits of the Lower Perak Chandoo Farm may be required by the farmer to sell opium dross, the product of their consumption of chandoo purchased from the farmer to the farmer, who shall in such cases purchase such opium dross, if not adulterated, at the price of 50 cents per tahlil for second quality dross and 20 cents per tahlil for third quality dross. Should the farmer decline to purchase such opium dross, it shall be lawful for the owner to reprepare such dross for consumption and to use, sell, or otherwise dispose of the same within the limits of the farm district.

9. The deputy commissioner of police or district magistrate may, on the recommendation of the farmer, license persons other than the farmer to sell chandoo and opium dross for use in the district. The fee for every such license shall be \$24, and all such fees shall be paid into the treasury.

10. The deputy commissioner of police or district magistrate may cancel any license should he think it desirable to do so, and may direct an equitable portion of the fee to be returned to the licensee.

11. Every licensed house shall have a suitable signboard exposed in some conspicuous place to the satisfaction of the district magistrate.

12. Chandoo and opium dross shall be sold for money only.

13. The farmer shall cause a correct copy of these regulations to be hung up in every licensed shop in a conspicuous place within one month after the commencement of the contract.

14. Subject to the provisions of regulation 8, the resident may, from time to time, by notification in the Gazette, define areas and fix the maximum price at which and the maximum quantities in which chandoo may be sold within any such area, (1) to any farm shopkeeper by the farmer; (2) to customers by retail by either the farmer or by any farm shopkeeper.

15. Neither the farmer nor any chandoo shopkeeper may refuse to sell chandoo to any customer on tender of payment therefor at the prices or in the quantities fixed by the resident under the last preceding rules.

16. All managers of mines or their workmen desiring to repare chandoo or opium dross for their own consumption must apply for a pass to the district magistrate, who shall obtain the same from the farmer. Such pass shall be issued free of charge.

17. All chandoo sold by the farmer or by any licensed chandoo shopkeeper shall contain at least 7 per cent of morphine and not more than 25 per cent of water.

18. The farmer or any licensed chandoo shopkeeper will, from time to time, whenever called upon by an officer appointed by the Government to do so, furnish or permit to be taken away for the purpose of analysis a reasonable quantity of chandoo manufactured by him, or kept by him for sale in any establishment or shop under his control.

19. Every licensed chandoo shop shall, at all times, be liable to inspection by any duly authorized officer of government.

20. The farmer shall keep books in which a correct record shall be kept of—

(a) All opium imported by the farmer into the district, with the dates and places of importation.

(b) All opium cooked by the farmer for use in the district.

(c) The distribution of cooked chandoo to retail shopkeepers and others throughout the district.

21. Every licensed chandoo shopkeeper shall keep a stock book of all opium or chandoo received, the quantity of opium cooked, the amount sold, and the balance in stock.

It will be noted that the State derives a revenue, first, from the import duty on opium, and, secondly, from the amount paid by the farmer for the privilege of selling opium.

THE FARM SYSTEM.

The system of farming out revenues of different kinds has been abolished in most civilized states, because it has been found that in earlier times many abuses were practiced by the farmers upon those who were compelled to pay the taxes.

It seems, however, to be practically the universal opinion that in dealing with opium, and in many cases in dealing with spirits and similar articles when the consumers are Chinese or are those with whom it is difficult for white men to deal regularly, on account of ignorance of the language or otherwise, the revenue is much more secure and fewer abuses arise under the system of farming out the revenues than would be likely to be found if British, or Dutch, or French officials were to attempt to enforce the laws themselves.

In order to prevent the illicit importation of opium and its illicit sale, there needs to be a very complete system of inspection, amounting to an elaborate spy system. It is so easy a matter for small Chinese trading vessels to import opium in small quantities, and the possibility of detection of many evasions of the law is so remote, that the British officials in the colonies under consideration have practically given up the attempt. By selling the right to manufacture chandoo from opium and to retail this chandoo to a Chinaman the Government frees itself from the necessity of keeping up this spy system, while the Chinaman who has purchased the farm, from his desire for personal gain and from his full knowledge of the languages and habits of his people, is both willing to carry out the spy system and able to prevent to a very great extent evasion of the laws.

The Government is able to collect the import duty from the farmer. His profits are so good under the law that he can not well afford to run the risk of violating it and losing his business, and he can well afford to see to it that no others, excepting those permitted by law, bring opium into the country to lessen his profits.

The same principles which apply to the importation of opium apply equally well to its preparation for use and to its sale, inasmuch as the people to be dealt with in those lines are also Chinese, whose supervision is extremely difficult for those not understanding well their language and customs.

The rights of the customers, as well as the rights of the State, are protected by the many restrictions laid upon the farmer.

The Federated Malay States have found it also desirable to sell farms for the sale of spirits, for carrying on a pawnbroking business, and for conducting and controlling gambling. These States also, which are not so far advanced in many particulars as are the Straits Settlements, likewise sell an "atap farm," granting the exclusive right of collecting an export duty of one-tenth, either in kind or in value, on all ataps exported out of the country in question.^a

^a Atap, a material used for the making of a kind of thatched roof and sides of houses.

There are given below the regulations controlling the spirit farm, the pawn-broking farm, the gambling farm, and the atap farm:

SPIRIT FARM.

RIGHTS CONFERRED UPON THE FARMER.

The exclusive right of making, preparing, and selling, or licensing others to sell, spirituous liquors, and of collecting the duty which may from time to time be payable on spirituous liquors imported into the district, except on such as shall have already paid such duty at the port of import.

REGULATIONS.

1. In these regulations the words "district magistrate" shall, as regards Larut, be taken to mean the "secretary to government."

2. The duties payable to the farmer shall be those imposed by the resident from time to time under the provisions of section 3 of enactment 10 of 1898.

3. Before landing any spirituous liquors the importer shall notify the quantity and description to the revenue officer or agent of the farmer, at the port of entry, who shall furnish a permit, for which no charge shall be made, authorizing the spirituous liquors to be landed.

4. The farmer may license distilleries for the manufacture of spirits for any period not exceeding twelve months, with the written approval of the district magistrate, for which he may charge a fee not exceeding \$50. Each license shall contain such rules and conditions as to the sale and exportation and removal of the spirits manufactured in the distillery as shall be approved by the Government.

5. Persons desirous of keeping an hotel, inn, tavern, eating house, boarding house, punch house, or other house of public entertainment, in which it is desired to sell spirituous liquors, wine, or fermented liquors, shall apply to the district magistrate for a license for one year or a lesser period in months, authorizing such person to sell by retail spirituous liquors, wines, or fermented liquors, to be used or consumed in such licensed house only, and such license shall not be transferable without the consent of the district magistrate.

6. Such licensed houses may be classed by the district magistrate in three classes, according to the importance of the establishment, and the following fees shall be paid for such licenses:

For a first-class house, at the rate of not exceeding \$96 per annum; for a second-class house, at the rate of not exceeding \$72 per annum; for a third-class house, at the rate of not exceeding \$48 per annum, which fees shall be payable to the farmer.

7. Any persons, other than those referred to in rule 5, desirous of selling spirituous liquors in any shop or store, shall apply to the district magistrate for a license, who may grant a license for one year, or for a lesser period in months, authorizing them to sell in such store or shop spirituous liquors, so that these spirituous liquors be not used or consumed in the shop or store.

8. For every such license a fee at the rate of not exceeding \$48 per annum shall be paid to the farmer.

9. Licenses under rules 5 and 7 shall be issued subject to such conditions and restrictions for the management of the licensed houses as shall be approved by the government, and shall be liable to be canceled by the district magistrate on breach of any such conditions or restrictions, and any person convicted of the breach of any of the conditions or restrictions shall be deemed to have committed a breach of these regulations.

10. Every licensed house shall have a suitable signboard exhibited in some conspicuous place, to the satisfaction of the district magistrate, and the owner or manager thereof shall keep his license in some part of such house ready to be shown to the farmer or to any police or revenue officer demanding to see the same.

11. The farmer shall supply to all bakers applying for the same such quantities of toddy, of good quality, as they may require for making bread, and at such prices as may from time to time be fixed by the district magistrate.

12. It shall be lawful, with the sanction of the district magistrate, for any baker requiring to use toddy for making bread to register such number of trees as to the district magistrate shall seem sufficient for the necessary supply of toddy for his bakery, whereupon the farmer shall grant him a license, free of charge, to use such trees for his bakery, and the produce of such trees shall be used solely for the purpose of making bread. For every tree thus registered the person registering the same shall pay monthly to the farmer of the district such sum not exceeding 15

cents as the district magistrate, with the approval of the government, shall direct. Any person, being so licensed, using or permitting to be used the toddy produced from the trees so registered for purposes other than those required in his own bakery for baking bread shall be deemed to have committed a breach of these regulations, and his license shall be canceled, and all persons who shall buy or receive toddy from any person so licensed shall be deemed to have committed a breach of these regulations, and the fact that such toddy has been used contrary to the provisions of this section shall be held to be prima facie evidence, from which the magistrate may infer that it was so used by the permission of the person licensed.

13. The farmer shall establish one or more branch shops at any place within his district when directed to do so by the district magistrate.

14. Any person selling or offering for sale spirituous liquors, adulterated or compounded in such a manner as to be injurious to health, shall be deemed to have committed a breach of these regulations, and all such injurious articles shall be seized and destroyed.

15. No person shall sell spirituous liquors otherwise than for coin legally current in the State.

16. The retail price of spirits of the undermentioned strength shall not exceed the following:

(i) For every imperial pint of spirit, manufactured from rice only, of 40 degrees u. p., 20 cents.

(ii) For every imperial pint of spirit, manufactured from rice and ragi only, of 40 degrees u. p., 16 cents.

(iii) For every imperial pint of spirit, manufactured from rice and ragi only, of 50 degrees u. p., 12 cents.

(iv) For every imperial pint of spirit, manufactured from rice, sugar, and ragi only, of 40 degrees u. p., 12 cents.

(v) For every imperial pint of spirit, manufactured from rice, sugar, and ragi only, of 50 degrees u. p., 10 cents.

For each imperial pint of spirits of greater strength than 40 degrees u. p., the price shall not exceed for every 5 degrees—

For spirits manufactured from rice, or from rice and ragi only, 1½ cents; rice, sugar, and ragi only, 1 cent.

17. The farmer shall import in sufficient quantities to meet demand, Ceylon and Indian made arrack, suitable for the use of natives of India, and shall sell the same at the prices fixed from time to time by the Government.

18. A correct copy of these regulations, distinctly written in English, Chinese, and Tamil, or in such other language as the district magistrate may direct, shall be hung by the licensee in a conspicuous place in every licensed house, place, or shop, within two months from the signing of the farm contract.

19. Any person who shall knowingly sell or purchase, or have in possession, custody, or control, any spirituous liquors imported, sold, or purchased contrary to these regulations, shall be deemed to have committed a breach of these regulations, and such spirituous liquors shall be forfeited.

20. "Spirituous liquors" shall include spirits, liquors, toddy, vermouth, and local port wine.

21. In these regulations, "toddy" means the fermented juice of the cocoanut or other palm tree; "local port wine" means wine called "port wine" and made or prepared in the colony or in the Malay Peninsula.

PAWNBROKING FARM.

RIGHTS CONFERRED UPON THE FARMER.

The exclusive right to carry on, and of licensing others to carry on, the business of pawnbroking within the limits of the farm district.

REGULATIONS.

1. A pawnbroker shall not demand or receive from any person applying or offering to redeem any goods or chattels pawned or pledged with him a profit exceeding 10 per cent per month in addition to the principal sum lent.

2. A pawnbroker shall, before he lends any money on any goods or chattels, enter clearly and legibly in a book, to be kept by him for the purpose, a description of all goods and chattels which he shall receive in pawn, and the time for redemption of the same; also the sum of money lent thereon, the hour, day of the month and year, the name, sex, and nationality of the person by whom such goods and chattels are so pawned, the name of the street and place where such person resides, and shall give a note or duplicate of such entry, clearly and legibly written, to the person pawning such goods or chattels, on which note or duplicate shall also be stated the

rate of interest payable on such loan. No charge shall be made for such note or duplicate.

3. A book shall also be kept, in which particulars regarding unredeemed pledges which have been sold shall be clearly and legibly entered. It shall contain description of pledge, name of pawnor, date of sale, and sum realized.

4. A pawnbroker shall deliver up to the owner thereof, whenever demanded, during the hours of business as hereafter prescribed, any goods or chattels pawned, within six months of the pawning thereof, or within the term agreed upon at the time of pawning, on the tender by such owner, or other person on his behalf, of the sum borrowed thereon, together with the amount of profit hereby made payable, or such smaller amount of profit as shall have been agreed upon at the time of pawning such goods and chattels. For this purpose any person who shall produce the note or duplicate of any goods or chattels pawned shall, so far as respects the pawnbroker, be deemed to be the owner thereof, provided such pawnbroker shall not be obliged to deliver up such goods or chattels if he shall have received previous notice from the real owner not to deliver the same, or if he shall have received notice that such goods or chattels, or the note or duplicate thereof, are suspected to have been dishonestly obtained, or if he shall himself have reasonable cause to suspect that such goods or chattels, or the note or duplicate thereof, have been dishonestly obtained.

5. A pawnbroker shall not sell any goods or chattels received by him in pawn during the time he was exercising the trade of pawnbroker before the expiration of six months after the day of the pawning thereof, or before the time for the redemption of such goods.

6. All goods and chattels which may be pawned shall be deemed forfeited after the expiration of six months, exclusive of the day on which the same were so pawned, or the expiration of such longer time as may have been especially agreed upon for the redemption thereof. All forfeited goods become the property of the pawnbroker.

7. A pawnbroker shall not take any goods or chattels in pawn from any person before 6 a. m. or after 8 p. m., nor shall he take any goods or chattels in pawn from any child apparently under the age of 10 years.

8. The books kept by any pawnbroker shall be produced for examination at any time on demand by any magistrate, the deputy commissioner of police, or any officer of police not under the rank of sergeant, who shall be entitled to enter at any time any of the pawnbroker's shops without warrant to search for and examine the said books and to take extracts and copies therefrom.

(2) All books, notes, entries, duplicates, and other documents required by these regulations to be kept, entered, or written by the pawnbrokers shall be in the Hong Shu style of character.

9. Information as to property lost, stolen, or otherwise fraudulently disposed of shall be given by the police to the pawnbroker as soon as possible after such loss or fraud has been reported, with lists and descriptions of the same. If any property answering such lists and descriptions shall be or have been offered to or shown to the pawnbroker or any of his servants, he shall, without unnecessary delay, give information to that effect at the nearest or any neighboring police station, or to any police officer, with the name and address of the person in whose possession the property was seen.

10. Whenever any person shall under suspicious circumstances offer to pawn or attempt to redeem any articles or goods, it shall be the duty of the pawnbroker to inquire of the person how he came by the same, or how he got possession of the ticket, and if the person shall not be able, or shall refuse to give a satisfactory account of himself, or of the means by which he became possessed of such articles, or shall willfully give false information concerning such articles, or of his name or place of abode, or of the name and place of abode of the owner of such articles, or if there shall be any other reason to suspect that such goods or chattels are dishonestly obtained, the pawnbroker shall detain the person offering the articles and deliver him, with the articles, into the custody of a police officer, who shall take, or cause to be taken, the person with the said articles to the police station, to be dealt with according to law.

11. The farmer shall not be entitled to open any pawn shops without the consent in writing of the district magistrate.

12. The keeper of every pawn shop shall hang in a conspicuous place, at or on his pawn shop, a board bearing the words "licensed pawnbroker," distinctly printed in English, Malay, Chinese, and Tamil, in letters not less than 2 inches high.

13. No person shall pawn or pledge any plate, jewelry, clothing, or other chattel of less value than \$250 to any person other than a licensed pawnbroker. Who shall receive in pawn or pledge any such articles shall be deemed to have committed a breach of these regulations.

14. The farmer shall cause a copy of these rules, distinctly written in English,

Chinese, Malay, and Tamil, to be hung in a conspicuous place near the door of every pawn shop, within two months from the date of signing his contract.

GAMBLING FARM.

RIGHTS CONFERRED UPON THE FARMER.

The exclusive right of opening and keeping, and of licensing others to open and keep, public gambling houses within the limit of the farm district, and to issue passes for private gaming in any house or place in such district, with the approval of the district magistrate.

REGULATIONS.

1. Neither private nor public gambling is permitted in any house or place without a written permit from the district magistrate.

2. A board shall be fixed outside the door of every public gaming house, bearing the words "Licensed gaming house" distinctly printed in letters not less than 2 inches high.

3. The farmer may, with the approval of the district magistrate, grant licenses permitting gambling in any private house, mine, kongsi, or other place, and charge such fee therefor as to him shall seem fit. Every such license shall state the place where and the period and hours during which gambling is permitted, and shall be countersigned by the district magistrate.

4. Gambling shall not be permitted between the hours of 10 p. m. and 6 a. m. without a permit in writing from the district magistrate.

5. All private gambling shall be carried on with open doors.

6. If coolies are convicted for illegal gambling in a mining kongsi or house, the headman of such kongsi, or the master or manager of such house, shall be deemed to have committed a breach of these regulations and shall be liable to prosecution.

7. All members of the police force and all persons authorized by the district magistrate to visit gaming houses shall be freely admitted to every house in which private or public gambling is carried on.

8. The farmer shall be held responsible that every public gaming house be kept clean and in good order.

9. Hoa-Koe and all Chinese lotteries and all dealing in Chinese lottery tickets are prohibited.

10. The farmer and his agents are prohibited from lending money to persons for the purpose of gaming, and all such loans shall be void.

11. The farmer and his agents shall allow no property other than current coin to be staked.

12. No Malay shall be permitted to gamble.

13. No person in Government employment and no person under 16 years of age shall be permitted to gamble or to frequent gaming houses.

14. No armed person shall be permitted to enter any gaming house. This rule does not apply to members of the police force on duty, nor to revenue officers and watchmen appointed by the farmer, with the sanction of the magistrate.

15. Within fourteen days from the date of signing the farm contract the farmer shall submit to the district magistrate a table of rules for the conduct of such games as are permitted to be played; when sanctioned by the Government, such rules shall be distinctly written in English and Chinese and hung up in a conspicuous place wherever public gaming is allowed.

16. Within two months after the signing of the contract the farmer shall have all regulations for the conduct of the farm, written distinctly in Chinese and English, posted up in all public gaming houses in his district.

LOWER PERAK ATAP FARM.

RIGHTS CONFERRED UPON THE FARMER.

The exclusive right of collecting an export duty of one-tenth ad valorem, in kind or in value, at the option of the exporter, on all ataps exported out of the State, subject to a refund of one-half of the duty in case of ataps directly reimported for use in the State.

REGULATIONS.

1. Should any dispute arise as to the value of the ataps to be exported, it shall be the duty of the farmer, or his agents, to inform the exporter that he has the option of paying the duty in kind or value; and if he elects to pay in kind, ataps of average quality are to be accepted by the farmer.

2. The amount which the ataps would realize at sale by public auction at the place of export shall be taken as their value.

3. The farmer shall place agents at such places as the district magistrate may direct.

4. Exporters of ataps shall report to the farmer's agents when their goods are ready for export, and the agent shall, without any unnecessary delay, receive the duty and give receipts and clearances.

5. Any exporter who shall have sustained any loss or inconvenience through the misconduct or negligence of the farmer or his agent may claim damages in the district court.

6. A copy of these rules, legibly written in Malay, English, and Chinese, shall be posted by the farmer in a conspicuous place at each collecting station within one month after the completion of the farm contract.

7. Should the farmer collect duties at a higher or lower rate than that defined by these regulations, unless specially authorized in writing by the Government to do so, he shall be deemed to have committed a breach of these regulations.

METHOD OF BIDDING ON FARM.

These farms are regularly sold after an advertisement for tenders has been issued. In theory, of course, the farm should be given to the highest bidder—the one who, other things equal, tenders the largest sum. It is, however, of much importance that the person in control of any of these farms shall be one who has the confidence, not merely of the Government, but also of the citizens, as a man who can be trusted to deal fairly. It is also of importance that, while the revenue be as large as practicable, it should also be somewhat permanent in its nature. It is possible for the bid to be so high that the farmer, instead of making money, shall become bankrupt. The failure of the farmer to pay the amount of his bid on account of financial loss will, of course, lead in the following year to very low bids, so that in the long run the revenue of the State is likely to be lessened rather than raised by an unduly high bid. In awarding the farms, therefore, the Government takes into consideration what is a fair amount to insure a permanent revenue, as well as the character and business ability of the person bidding.

REVENUE FROM LICENSES, ETC.

Aside from the farms mentioned there is also a considerable revenue derived from licenses issued to those who wish to cut timber, to burn charcoal, or to collect ataps, gutta or jungle produce of various kinds; likewise licenses are paid for the use of boats for fishing, for holding auctions, for petition writing, etc. There is even a small farm controlling the collection of sea shells and of river turtle eggs, but these items are of so slight consequence that they need no detailed discussion.

The post-office and the telegraph systems as well as the railways are State enterprises, and all of them yield a net revenue.

The municipal governments, which are controlled entirely by State officials in the Federated States and which in the Straits Settlements are controlled in part by the central government, derive revenues also from markets, taxes on vehicles, on houses and lighting, on bath houses, from fire and water rates, slaughterhouses, wash houses, carriage and cattle stables, and the fees of rest houses (State inns frequented chiefly by State officials, but open also to private individuals on the order of the proper State official). Other minor receipts from

the sale of badges, removal of night soil, etc., are of so slight consequence that they need no further consideration.

The tables given in Appendix V show the chief sources of revenue with amounts from each for the Federated Malay States and for the Straits Settlements.

Under customs duties in the Federated Malay States are included, of course, the export duty on tin and the import duty on spirits and opium. Under licenses in both tables are included the incomes from the various farms.

JAVA.

THE LAND TAX.

Introduction.—As we have seen in the discussions of the land tax in India and the Straits Settlements, the form of the tax is largely dependent upon the form of land tenure. The situation is the same in this regard in Java, probably even to a greater extent than in India. The Government in fixing the forms of land tenure and taxation has kept continually in mind the interests of the different classes of people, particularly the interests of the native Javanese.

In the earlier days of the nineteenth century, when the English were in control of Java, and for some time afterwards under the Dutch administration, the aim of the Government seems to have been mainly to secure as large a revenue as possible, and under that régime the "culture" system, which has already been discussed in the report on labor, was instituted. This culture system in itself naturally influenced materially the income and the forms of taxation. As the State itself became the producer and merchant it naturally discouraged the holding of land and its cultivation by private individuals, especially where these private individuals or companies would come into immediate competition with the Government itself.

Since the Government has found it wise gradually to withdraw from the State cultivation of Government plantations by means of forced labor, it has been compelled to turn its attention in other directions in order to secure sufficient revenue. It will perhaps be best to distinguish four different classes of land tenure, and to discuss in connection with each tenure the form of taxation which is associated with it; thereafter we can take up the other forms of taxation which are most frequently found.

(1) *Private holdings.*—Under the English administration, and for some years thereafter, the Government alienated land in somewhat large quantities, especially in the western part of Java. This land was sold outright, and with the title to the land went also a considerable control over the population residing on the estates in their villages, the villagers being compelled, in return for their own support or for the use of enough land to support themselves, to work the lands of the landlord. At the present time these lands, as we have already seen, have fallen largely into the hands of Europeans or of Chinamen. These estates are either directly cultivated by the natives or, more frequently, the landlord leases small tracts of land to the natives for a considerable share of the products. Wherever the land is held by private individuals with an independent title, the property pays a land tax under the name of "verponding."

Private land tax—"verponding."—The law was first passed in 1819, but the rate of the tax has since been modified at various times. At present the rate is three-fourths of 1 per cent on the cash value of the property. In assessing the value it is usual, and so advised in the law, to assume that the real value is about ten times the annual rental value.

This act, which originally applied only to the islands of Java and Madura, has since that time been extended to the west coast of Sumatra, to certain parts of Celebes, to the east coast of Sumatra, etc. Exempt from these taxes are properties belonging to the State, to the churches, and similar property. Likewise in certain instances properties on which improvements are made, especially by the natives, are exempt from this tax for short periods of years. For example, when natives build houses of stone, they are exempt for eight years, and houses of wood or bamboo are exempt for four years when they are erected on places where it is forbidden by law to build houses roofed with atap or other easily inflammable material.

Although, as has been said, in earlier times much land was alienated by the Government to Europeans and Chinese, the policy has been of late years to sell outright none whatever for agricultural purposes. At present something over 2,000,000 acres in all are held by Europeans and about 640,000 acres by Chinese, and the other oriental foreigners hold in the neighborhood of 45,000 acres.

(2) *Inheritance tenure*—"erfpacht."—In order to encourage the development of large industries such as sugar planting, tea planting, etc., the Government made provision in 1872 to lease waste or unimproved lands belonging to the State in somewhat large tracts to those who might wish to invest money for the development of these important industries. A large proportion of the land in the rural districts now held by Europeans is held under this tenure, which is called "erfpacht" (emphyteusis). The period of lease is usually seventy-five years; never more than that. It is understood that at the end of this period any improvements made on the land fall to the Government free of cost, provided such improvements can not be removed. It is expected, of course, that ordinarily the improvements will be removed, if possible, unless the land should be leased a second time. Under the law there is no provision for the renewal of the lease, but it is, perhaps, to be expected that provision will be made in due time for such renewal. The rate of rent for such land is ordinarily very low, from 1 to 5 gulden per bouw (about $1\frac{1}{3}$ acres). There has been much difference of opinion regarding the rate which should be levied on this land held by hereditary or emphyteutic tenure. The purpose of the Government in Europe seems to have been to charge higher rates for the better land and to attempt to levy a tax somewhat in proportion to its value. Many of the residents in Java, however, are of the opinion that the tax should be uniform and low, say 1 guilder per bouw per annum, in order to show merely that the State still owns the land and that the form of tenure is clearly understood, but that no very large income should be derived from this source, it being better in their judgment to encourage the development of these large estates as much as possible, and to secure revenue in some other way, perhaps by an excise or an export duty on the product.

Ordinarily, of course, people desiring to lease waste lands under this

form of tenure are likely to take lands for which there is no special demand on the part of other individuals. Under these circumstances the amount of the annual quitrent is fixed by the resident in accordance with the law, and no further sums are paid. At times, however, there may be several people asking for the same concession, and under those circumstances the land may be sold at auction for a premium to be paid down at once in addition to the amount of the annual quitrent. This, however, is unusual.

(3) *The leasehold tenure.*—Practically all of the land which is held by natives at the present time is owned by the State and is leased under this tenure for the payment of an annual quitrent. This system is the one most in favor with the Government, and it is perhaps not too much to say that it is practically the only one of which the Government is at present making use. The system of assigning the land to the villager through the headman of the village and the determination of the amount of tax to be levied is to a considerable extent similar to that already described in connection with the land system of India. The amount of quitrent to be levied upon the land is subject to revision from time to time, ordinarily every ten years, although the amount of rent, the way in which it is levied, and the time of revision differ in different sections of the country.

These lands leased for a quitrent are carefully surveyed by the Government, plats are made of the different qualities of the soil in each village, and a careful record kept of the holdings of each villager.

The value of the product is ascertained in much the same way as in India—that is, in the case of rice land a number of typical fields are selected, reaped under the direction of the tax official, and the amount of the product carefully ascertained. Its average value is ascertained by taking the value for a fixed number of years. The average gross production per bouw is thus ascertained and the tax is fixed with reference to that. There seems to have been a general understanding in many localities that the tax should be about 10 per cent of the net product, and that has doubtless in individual cases served as a guide to the man who was making the land settlement. The rate is fixed by the resident in each province on the advice of the *controleur* who is directly associated with the tax collection and knows accurately the conditions in each locality. According to Mr. H. J. W. van Lawick van Pabst, the chief inspector for land rent, it has not been possible to adhere at all closely to the rate of 10 per cent of the net product, for in many cases there has been no real effort made to get accurately at the net product. The total value of the crop is ascertained with as much accuracy as possible, as given above. It is then expected that there will be deducted therefrom the cost of the labor, material, etc., which must be employed by the owner aside from his own labor. His own labor, however, is not regularly included in the cost of production, as is the case in India and Burma, so that the final basis for the assessment is larger than the real net product by the value of the owner's labor.

There has been fixed in certain localities, especially in the Preanger, perhaps the richest agricultural province, an arbitrary amount of 10 piculs of paddy per bouw as a fair amount, on the average, to represent the outlay of the proprietor—that is, the cost of production—and

this amount is what is ordinarily assumed as the cost in all that section of the country.

As regards the percentage of the net product to be taken, that seems to be a matter largely of historical example. In earlier times under native chiefs, before the Dutch had control, usually a large share was taken. Most generally, probably, as has already been explained in connection with the labor system in Djokjakarta, the amount taken was two-fifths of the crop. The Dutch, however, have ordinarily considered that two-fifths is too large a percentage, and in consequence the amount has been put down to what is considered reasonable. When the settlement was made in the Preanger the general instructions given to the officials were to take the amount that had been customary in the different localities and to fix this amount in different terms at so many guilders per bouw. Probably in many cases in that province the amount would be in the neighborhood of 10 per cent, but more often, probably, it is not over 8 per cent, and sometimes will be as low as 6 per cent. Naturally those who have the most fertile lands can afford to pay a somewhat higher percentage. So far as any principle regarding the rate can be ascertained, it seems to be that of the ability to pay, the State taking as large a share of the product as can conveniently be spared, while making certain that the standard of living of the consumers shall not be held too low.

It is usual in fixing the average rate per bouw to ascertain the number of bouws of each class of land in the district under consideration, to multiply this number of bouws by the average product per bouw, to take the sum of these figures, multiply by the average value of the rice or other crop, and in that way to ascertain the average value of the entire crop of the district under consideration. The amount of the tax which it has been customary for the village to pay is then fixed, and this amount, divided by the average value of the crop, gives the percentage to levy per bouw upon each individual holder.

It is customary to take the wet paddy fields as the standard. After the classification of these has been made, individual fields in each class will be compared with the various classes in the adjoining villages, so as to keep the grades as near the same absolute standard as possible. In this way an effort is made to secure as accurate a gradation as possible for wide stretches of territory. A comparison is then made between the value of the wet paddy crops and those secured on dry paddy land, or land devoted to other products.

In the Preanger the tax is levied upon the individual holder, as we have already seen done in the case of the individual holding in Burma, but in other parts of Java—as, for example, in Kedoe—the tax is assessed upon the village as a whole, and the tax is then divided among the villagers by the headman (bekel) of each village, with their consent and advice. In case of dissatisfaction an appeal may be made from the decision of the bekel to the wedono (the next higher native official), thence to the regent (a native official who ranks with the assistant resident), and finally to the Dutch controleur. Ordinarily, however, the decision of the bekel is found satisfactory.

(4) *Communal holdings.*—In certain localities village lands, instead of being held by individuals, are held by the community, and are then given out for a few years, say, three or more, to the individual fam-

ilies for cultivation. Under such circumstances of course the tax is levied upon the village as a whole, and a proper assignment is made by the village officials to the various individuals concerned.

Remission of rent.—In Java, as in India, rent may be remitted for failure of crops or other good reason. In fact, such remission is sometimes allowed for building the water terraces about the rice fields in an exceptionally skillful way, or for similar reasons. Remission is recommended by a board of underofficials and approved by the resident.

OTHER SOURCES OF REVENUE.

Poll tax.—In most parts of Java a poll or capitation tax is collected from various classes in the community. The amount of this tax varies somewhat in different places. For example, in Kedoe from each land-owner there is collected a poll tax of 1 florin. This is considered a partial commutation of what is called the "heerendienst," or labor for the overlord, of which much less is required now than was formerly the case. The native princes in earlier times (and in the native States the Sultan at the present time) used to require from practically all subjects free labor for work on the roads and for other public purposes, as well as in many cases for the gratification of their own private ends. As time went on the amount of labor of this kind which could be exacted per year from each individual naturally became more or less fixed, and under the Dutch administration this became a matter of positive law. The number of days which may in this way be required seems to vary from twelve per year to as high as forty-two, not counting the native States. In certain cases the number of days is fixed for which men can be called on for this free labor, with a certain number more which may be added, provided their services are needed for purposes of irrigation. For example, in the Preanger since the payment of the poll tax of 1 florin per year the heerendienst can not be made more than twenty-four days per year unless work is required on the irrigation system. Under these circumstances twelve days more may be required.

Carriage and horse tax.—There is a carriage tax regularly levied of 12 florins per year for carriages of two wheels and 36 florins per year for carriages of four wheels.

There is likewise a tax paid by the owners of horses. For the first and second horses owned the tax is 6 florins per year; for the third horse, 8 florins; the fourth, 10 florins; fifth, 12 florins; sixth, 15 florins; and each horse beyond the sixth, 20 florins per year.

The native princes and regents are exempted from the tax on carriages, as well as the heads of villages and other similar officials. Likewise the stock of those engaged in the manufacture of carriages is exempt.

Personal tax.—Besides the taxes on horses and carriages already mentioned, there is levied upon Europeans and those legally classified with them, as well as upon foreign Orientals, a tax of 5 per cent a year upon the annual rental value of their dwelling houses, including the grounds and appurtenances, together with 2 per cent per annum upon the value of the furniture. The furniture value is assessed somewhat arbitrarily in certain proportions to the rental value of the house. For example, in the province of Kedoe those houses that are estimated

to rent for 180 florins or less have no assessment on the furniture. The value of furniture in houses renting for more than that is fixed in accordance with the following table:

Estimated rental value of house.	Proportion of rental value in furniture.	Estimated rental value of house.	Proportion of rental value in furniture.
<i>Florins.</i>		<i>Florins.</i>	
180 to 600.....	$\frac{2}{3}$	900 to 1,200.....	1 $\frac{1}{2}$
600 to 700.....	$\frac{1}{2}$	1,200 to 1,600.....	1 $\frac{1}{2}$
700 to 900.....	1	1,600 and upward.....	2

Income tax.—(a) *Upon Europeans (Patentrecht).*—A tax of 2 per cent is levied upon all incomes of Europeans in Netherlands India derived from agriculture, manufacturing, trade, etc., and upon incomes derived outside of Netherlands India by corporations and cooperative institutions of various kinds.

(b) *Upon natives and foreign Orientals (Bedrijfsbelasting).*—A tax which originated during the English occupation in a kind of rent for the ground on which the native houses stood has developed through many changes into a kind of income tax upon the native population and those classified by the law with them which is derived from any trade or calling, handwork, or similar source. In Djokjakarta and Soerakarta this tax is levied only upon foreign Orientals, but in other parts of Java the natives as well as the foreign Orientals are taxed. Income derived from agriculture or from lands upon which a land rent is paid is free; likewise income otherwise taxable under this law, but less than 25 florins a year. The tax is levied by a commission of three persons, and the aim is to make the tax 2 per cent a year upon the incomes of natives from the sources mentioned and 4 per cent upon the incomes from like sources of foreign Orientals (mostly Chinese and Arabs). The minimum to be levied upon foreign Orientals is 2 florins a year. Of course Europeans and those who pay the patentrecht do not pay this kind of income tax.

A similar tax is levied also in the other islands outside of Java.

Stamp tax.—There is a stamp tax levied upon the leading kinds of legal documents similar to one found generally in many countries.

Customs.—Import and export duties are levied upon many goods, but there are no peculiarities in this tax which need special remark. The rates on imports are often specific, and in most cases are not high. The ad valorem rates are usually 5 per cent, 6 per cent, or 10 per cent. None above 10 per cent are levied.

Excise.—A large income is derived from excise duties on spirits—50 florins per hectoliter of 50 per cent strength, and proportionally upon spirits of varying degrees of strength. There is an excise duty upon tobacco of 4 florins per hundred kilograms on Java tobacco, and on Chinese and other foreign tobaccos 16 florins per hundred kilograms, although this excise varies somewhat in the different parts of Netherlands India.

There are other excise duties on petroleum, matches, etc., and port and anchorage, loading and wharf charges.

Opium and other farms.—Until comparatively lately the revenue from opium was farmed out, usually to Chinese. This farm is still found in most parts of Netherlands India, but in Java and Madura and

one or two other places there is a Government monopoly of the preparation and sale of opium—the “opium regie.” Besides the opium farms, which are in the usual form, there are likewise farms for toll bridges, for edible birds’ nests, for the gambling of the Chinese, for the right to keep pawn shops, and some other kinds of business. There is also a considerable revenue derived from licensing of saloons, of slaughterhouses for cattle, buffaloes, horses, hogs, goats, deer, and sheep.

Where the pawn shops have been farmed out they have been regularly put into the hands of Chinamen, the same man often holding the pawn-shop farm who owns also the opium and Chinese gambling farms. All of these farms, of course, are under very rigid regulations as regards the rates of interest that shall be paid, the amounts that shall be loaned, conditions of redemption of articles pawned, prices at which forfeited articles shall be sold, etc. There has, nevertheless, appeared to be a good many abuses in connection with the pawn shops, and in the interest of the native population who are inclined to be thriftless the State has started two or three experimental pawn shops of its own. If these succeed, as on the whole seems likely, it is probable that the State will change its policy in this regard and establish its own pawn shops quite generally.

Government plantations.—Besides the sources of income mentioned, as has already been discussed somewhat fully in the report on labor, the State derives a considerable income from the sale of coffee and cinchona raised on the Government plantations. The details of the management of these plantations has been discussed fully enough in the report on labor.

Djakjakarta and Soerakarta.—In the discussion of the labor question the terms on which the land was given out by the Sultan to his officers and retainers and by them rented to Europeans with the privilege of exacting forced labor from the villagers has been discussed at some length.

Aside, however, from the rental received by the proprietors of the land, the Sultan himself—in other words, the State—derives a direct revenue therefrom. When a contract is made for a rental of thirty years, the Sultan receives 5 per cent of the entire value of the contract for the full period of time as a stamp tax. In case, at the end of the period, the lease is extended, the Sultan receives a similar amount again. If at any time during the period of lease a transfer of the lease is made to a third party, the stamp tax for the transfer is $2\frac{1}{2}$ per cent of the amount that still remains to be paid on the lease.

This special form of stamp tax naturally applies only in the native states where this form of land transfer and land holding is found.

Generally speaking, in these native States, with the exception of this tax, the other taxes are similar to those already explained. There is, for example, a personal house tax, a tax on horses, an income tax, a “verponding” tax on those who own their lands, etc. The rates of these taxes are often the same as in other parts of Java, but sometimes there is a slight difference.

The schutterij.—Attention has already been called to the personal tax in the form of a poll tax and to the personal tax required from natives in the form of labor on roads, or as watchmen, etc. Besides, there is a kind of personal tax levied in some of the larger cities upon Europeans and those classified legally with them. Every such person,

excepting some small classes exempt on account of their positions, such as consuls or soldiers or certain high officials, is required to be registered in a kind of local militia and to drill from time to time. This militia (*schutterij*) applies to all Europeans and those legally classified with them between the ages of 18 and 45 years, whether they be citizens of Java or merely resident aliens.

Local taxes and expenses—statistics.—The following table shows the income from the various most important sources during the last year:

Estimates of income for 1902 from important sources.

	Java and Madura.	Other islands.
	<i>Florins.</i>	<i>Florins.</i>
Opium farm	3, 109, 000	3, 994, 000
Chinese gambling farm	214, 000	712, 000
Birds'-nest farm	111, 000	
Pawnshop farm	1, 433, 000	120, 000
Opium regime	10, 943, 000	55, 000
Import duties	7, 645, 000	3, 100, 000
Export duties	590, 000	733, 000
Excise	5, 517, 000	801, 000
Port and anchorage fees	257, 000	100, 000
Personal tax	753, 000	179, 000
Patent recht—Income tax for Europeans	822, 000	225, 000
Income tax for natives and foreign orientals	2, 408, 000	830, 000
Stamp tax	1, 035, 000	286, 000
Carriage tax	300, 000	1, 000
Licensed slaughterhouses	1, 771, 000	
Poll tax	3, 345, 000	
Land rent	17, 772, 000	
"Erfpacht"	1, 347, 000	89, 000
"Verponding"	2, 024, 000	198, 000
Sale of coffee	3, 230, 000	2, 436, 000
Sale of salt	8, 525, 000	1, 495, 000
Railroads	12, 295, 000	1, 514, 000

CONCLUSION.

From the study of the revenue systems in the various countries visited, the following general principles may be indicated:

1. Landholding in fee simple is not commonly found. The system of land tenure which seems to be growing in favor in all of the colonies, both English and Dutch, so far especially as the native population is concerned, is that of a state grant of land on perpetual lease by the payment of an annual quitrent. Reservation of streams, water fronts, minerals, etc., are made, and water rights are equitably distributed.

The revision of the quitrent is most frequently made every thirty years, but in some cases, particularly when the land is first settled, the revision is made after ten or fifteen years. In certain cases, in order to offer greater inducements for the settlement of new lands, the rent is fixed in perpetuity, or a provision is put in that at the time of revision the rent shall not be raised above a certain amount named in the grant.

2. In order to fix the quitrent with justice and certainty, there is in all cases a very careful survey of the land made, with boundaries fixed, and with maps on which the holdings, the qualities of the soil, the kinds of crops, etc., are shown.

It is usual to make the rent a certain proportion of the net product, although what the proportion shall be is generally influenced to a considerable extent by custom, and the percentage of the product is likely to increase with its value.

It is the intention to keep the rent low enough so that the standard of living of the people shall not be lowered.

In order also to encourage thrift on the part of the people, the value

of improvements made by the landholder is not ordinarily taken into consideration, but the value of the product of the land itself, aside from improvements, is made the basis of the tax. When improvements, such as the application of fertilizers, etc., can not be distinguished, naturally they also pay the tax.

3. In both English and Dutch colonies the Government has aimed to protect the natives against speculators and shrewd Europeans or Chinamen.

To prevent speculation the quantity of land that can be alienated is often limited, and a provision is also made that land not cultivated for a certain small number of years, say three, shall lapse to the State.

In Burma, under the old customs, the land can ordinarily not be alienated by a native, although it may be mortgaged. In Java the natives can not alienate their land to Europeans or foreign Orientals without the permission of the Government.

4. In order to encourage the development of the country it has been customary in all the countries under consideration for the Government to lease on long time large tracts of land to companies or European cultivators who wish to establish large tobacco or sugar plantations or to engage in other enterprises to be managed on a large scale. Often such lands, as well as the lands of natives, are freed entirely from taxation for a period of years, and sometimes even other special inducements are offered in the way of modifying the nature of the tenure.

5. Whenever a country has a substantial monopoly or a decided advantage in the production of some article, an export duty is often levied. For example, the Federated Malay States derive a large part of their revenue from the export duty on tin. In certain cases the granting of land is made on very favorable terms with the reservation that the product must pay a regular export or excise tax.

6. Taxes on opium, gambling, etc., which must be collected mainly from the Chinese, are regularly in administration put under Chinese. Most frequently this is done by farming out the right to collect this tax to a Chinaman. In certain cases an import tax is collected by European officials and only the right to sell is farmed out. In all cases it is the aim of the law to make it for the interest of the farmer to prevent others from evading the law. It is generally believed that only a Chinaman can follow up the detailed spy system successfully enough to prevent smuggling and other evasions of such laws by the Chinese.

7. The income tax which is generally levied is usually on salaries of Government officials and clerks working for business houses, etc., where the amount of the income may be easily ascertained, and upon the incomes of corporations whose accounts under the law are regularly open to the Government.

It will be noted that in Java it has been thought advisable to place the incomes of natives and of Chinamen and of Europeans upon a separate footing.

8. The Governments in all the countries under consideration have not hesitated to establish certain monopolies such as the salt monopoly, nor to undertake the management of certain business enterprises. In some cases they own and manage the railroads; in other cases there have been established plantations for the growing of coffee, cinchona, etc. The purpose of these governmental establishments in certain cases has been rather educative and experimental than to make revenue, but in other cases revenue has been the prime consideration.

APPENDIX I.
UPPER BURMA.

Land values and rent.

Name of produce.	Soil class	Gross produce.	Assumed commutation rate per 100 baskets or viss.	Resulting value of prod-uce.	Cost of cultivation.	Rate per acre.		II. Proposed rates per cropped acre.				Betel vine garden.	Special crops.	Ya land.		State.	Non-State.	III. Pro-posed rate for fruiting trees.
						State land at half net produce.	Non-State land at half net produce.	Paddy land.		Ya land.				State.	Non-State.			
								Tract I.	Tract II.	Tract I.	Tract II.							
Crops grown on paddy land: Mayin.....	I	35 bks.....	Rs. 60.00	Rs. 21.00	Rs. 5.00	Rs. 16.00	Rs. 6.00	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	
	II	35 bks.....	70.00	24.50	6.00	18.50	6.94	5 0	3 0	3 0	2 4	R. A.	R. A.	R. A.	R. A.	R. A.		
	III	25 bks.....	70.00	17.50	6.00	11.50	4.31	5 0	3 12	3 8	2 10	R. A.	R. A.	R. A.	R. A.	R. A.		
Crops grown on both paddy and ya land: Jowar.....	I	12 bks.....	Rs. 35.00	Rs. 68.20	Rs. 2.50	Rs. 5.70	Rs. 2.14	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	3 bks.....	35.00	66.80	2.50	4.30	2.15	4 0	3 0	2 4	R. A.	R. A.	R. A.	R. A.	R. A.			
	III	6 bks.....	35.00	66.10	2.50	3.60	1.80	5 0	3 12	3 8	2 10	R. A.	R. A.	R. A.	R. A.			
Cotton.....	I	73 viss.....	Rs. 12.50	Rs. 6.25	Rs. 2.50	Rs. 3.75	Rs. 1.87	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	30 viss.....	12.50	6.25	2.50	3.75	1.87	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
	III	30 viss.....	12.50	6.25	2.50	3.75	1.87	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
Peas and beans.....	I	30 bks.....	Rs. 150.00	Rs. 12.00	Rs. 2.50	Rs. 9.50	Rs. 3.56	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	6 bks.....	150.00	9.00	2.50	6.50	3.25	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
	III	4 bks.....	150.00	6.00	2.50	3.50	1.75	3 0	2 10	2 8	1 14	R. A.	R. A.	R. A.	R. A.			
Gram.....	I	12 bks.....	Rs. 150.00	Rs. 18.00	Rs. 2.50	Rs. 15.50	Rs. 5.81	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	10 bks.....	150.00	15.00	2.50	12.50	4.69	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
	III	9 bks.....	150.00	12.00	2.50	9.50	3.56	1 8	1 0	0 12	0 6	R. A.	R. A.	R. A.	R. A.			
Wheat.....	I	15 bks.....	Rs. 200.00	Rs. 30.00	Rs. 5.00	Rs. 25.00	Rs. 9.37	I. 2	0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.		
	II	12 bks.....	200.00	24.00	5.00	19.00	7.12	II. 1	8	1 0	0 12	0 6	R. A.	R. A.	R. A.	R. A.		
	III	8 bks.....	200.00	16.00	5.00	11.00	4.12	III. 1	0	0 12	0 8	0 6	R. A.	R. A.	R. A.	R. A.		
Maize.....	I	5,000 cohs.....	Rs. 3.00	Rs. 17.00	Rs. 5.00	Rs. 12.00	Rs. 4.50	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	4,000 cohs.....	3.00	14.00	5.00	9.00	3.38	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
	III	3,000 cohs.....	3.00	11.00	5.00	6.00	2.25	1 8	1 0	0 12	0 6	R. A.	R. A.	R. A.	R. A.			
Tomato.....	I	100 bks.....	Rs. 12.50	Rs. 12.50	Rs. 5.00	Rs. 7.50	Rs. 2.81	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	80 bks.....	12.50	10.00	5.00	5.00	2.50	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
	III	60 bks.....	12.50	7.50	5.00	2.50	1.25	1 8	1 0	0 12	0 6	R. A.	R. A.	R. A.	R. A.			
Onion.....	I	1,250 viss.....	Rs. 7.50	Rs. 93.75	Rs. 50.00	Rs. 43.75	Rs. 21.87	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.	R. A.		
	II	750 viss.....	7.50	75.00	50.00	25.00	12.50	2 0	1 8	1 8	1 2	R. A.	R. A.	R. A.	R. A.			
	III	1,000 viss.....	7.50	56.25	50.00	6.25	3.12	1 8	1 0	0 12	0 6	R. A.	R. A.	R. A.	R. A.			

Special crops:													
Sugar cane.....	10,000 canes.....	2.00	200.00	30.00	130.00	75.00	56.25	.....	.....	.....	10 0 7 8	.....	.....
Pineapples.....	700 canes.....	5.00	35.00	10.00	25.00	12.50	9.37	.....	.....	.....	5 0 3 12	.....	.....
Gardens.....	2,000 v l s s.....	12.50	250.00	100.00	150.00	75.00	56.25	.....	.....	.....	10 0 7 8	.....	.....
Betel vine.....	leaves.....	1.00	5.00	0.25	4.75	2.37	1.77	.....	.....	.....	.....	.....	.....
Fruit trees.....	500 fruit.....	17.50	1.40	0.25	1.15	0.57	0.43	.....	.....	.....	.....	.....	.....
Mango, per tree.....	8 viss jag- gery.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0 8 0 6
Tobacco palm, per tree.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0 4 0 3
Others.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0 4 0 3

a Includes value of straw.

APPENDIX II.

NOTICES TO PLANTERS, ETC.

Specially liberal terms will be offered to the first bona fide introducers of new agricultural industries into Perak, which, though they may be modified to suit each particular case, will be governed generally by the following principles:

1. In the case of agricultural industries requiring any considerable duration of time before profitable returns could be expected of them, as an exceptional outlay at starting for plant and machinery, the land would be granted free for a number of years proportionate to such duration or outlay. For example, in the case of coffee, tea, or sugar plantations the land would be free for the first five years.

2. Upon the applicant satisfying the resident that it was his bona fide intention to cultivate the land applied for, a block, not exceeding 10,000 acres, would be selected and reserved for him on the following terms:

(a) That a bona fide commencement of occupation and cultivation be made within eighteen months; otherwise the claim to lapse.

(b) That subject to the above the duration of the reservation be for ten years, during or at the expiration of which time the planter would be entitled to purchase at 50 cents per acre or to take a long lease at 10 cents per acre of treble the amount of land in cultivation at the time being.

(c) At the expiration of ten years the resident, or other officer responsible, to have the right to determine all claims to land in excess of double the amount then in cultivation.

(d) The land to be free of rent at starting for a commencing period as already described, after that period rent to be paid at 10 cents per acre for cultivated land and 2 cents for land reserved, but not cultivated, in respect of all land not purchased or leased under (b) and (c).

(e) The export duty levied on the produce not to exceed $2\frac{1}{2}$ per cent on value.

(f) The right to all minerals to be reserved to Government.

(g) The Government to have the right to take any land required for roads or similar purposes without compensation.

A frontage space of 50 yards will be reserved along the seashore and a like frontage along the banks of rivers in all grants of land bordering on the sea or on rivers and creeks of the state, and ample facilities for access to them will be made available to the grantees of all estates so situated.

A scale of fees will be published which will be payable on the granting of the permit, and will not be in excess of that published by the late resident, Mr. Birch, in 1875.

The right of the Government to grant licenses to cut wood for charcoal for the use of the mines and woodcutters' and sawyers' licenses to cut timber from all reserved land until it is brought into cultivation must be reserved.

The government of Perak, being desirous of encouraging agriculture in the state, draws attention to the existence of large areas of virgin land available for both hill and low country cultivation, and to the following among other advantages which the state holds out to intending planters:

(a) Proximity to Singapore and Penang—two days steam from the former and six hours from the latter.

(b) The country is traversed by good metalled cart roads.

(c) Taiping, the capital, is connected with its port, at Port Weld, by a short railway. A railway connecting the port of Teluk Anson with the inland districts of Batang Padang and Kinta is under construction.

(d) Arrangements have been in force for seven years with the government of India admitting of the introduction of indentured Indian labor.

(e) Arabian coffee has given satisfactory results on an estate of about 1,000 acres, opened by Sir Graeme Elphinstone, in the Kuala Kangsar district, while Mr. Heslop Hill's Liberian coffee estate of about 300 acres in the same district is most promising.

(f) Attached will be found a return showing remarkable crops of Liberian coffee on Messrs. Hill and Rathborne's estates in neighboring States of the Malay Peninsula.

(g) Tea grown by government as an experiment and shipped to England has been favorably reported on by London brokers.

(h) The government of the state is carried on under the advice of a British resident, with a staff of European officers, and under the supervision of his excellency the governor of the Straits Settlements.

2. The government is prepared to grant the following special terms to the first ten approved applicants who shall apply after this date, that is to say: Lease or leases in perpetuity for 1,000 acres in one block, or in blocks of not less than 500 acres each.

No premium; quitrent, 20 cents an acre after two years free occupation. The government reserves the right of levying an export duty on produce, which may not exceed $2\frac{1}{2}$ per cent ad valorem. If selected with road frontage, the depth to be three times the frontage; bona fide commencement to open to be made within twelve months from government approval of selection; cost of demarcation and survey (to be made when required by government) and registration fees to be borne by lessees. If desired by applicants, a premium of \$3 an acre and no quitrent will be accepted.

Minerals are reserved, and, with the above exceptions, the land would be subject to the general land regulations of the state, which will be forwarded on application to the state commissioner of lands, Taiping, to whom all communications in connection with this circular should be addressed.

APPENDIX III.

SPECIAL LAND GRANTS TO APPROVED APPLICANTS.

Notice is hereby given that the circular of 22d April, 1891, offering land on special terms to the first 10 applicants is hereby canceled, the whole of the land then offered having been taken up.

The government of Perak is, however, prepared to grant to a limited number of approved applicants the following special terms, that is to say:

Leases in perpetuity for one block of land not exceeding 500 acres, or for two blocks neither exceeding 500 acres. No premium; quitrent, 30 cents an acre after two years' free occupation. The government reserves the right of levying an export duty on produce, which may not exceed $2\frac{1}{2}$ per cent ad valorem. If selected with road frontage the depth to be three times the frontage; bona fide commencement to open to be made within twelve months from government approval of selection; cost of demarcation and survey (to be made when required by government) and registration fees to be borne by lessees. If desired by applicants, a premium of \$4 an acre and no quitrent will be accepted.

Minerals are reserved, and, with the above exceptions, the land would be subject to the general land regulations of the State, which will be forwarded on application to the State commissioner of lands, Taiping, to whom all communications in connection with this circular should be addressed.

THE ALIENATION OF LAND FOR THE CULTIVATION OF GUTTA AND RUBBER.

The following terms for the alienation of land for the cultivation of gutta and rubber in the State of Perak are published for general information, and will be in force until further notice.

(a) *Quitrent*.—Ten cents an acre for the first ten years, and then 50 cents an acre in perpetuity.

(b) *Cultivation*.—In concessions of 1,000 acres or less at least one-tenth of the land granted to be planted with gutta or rubber of any description every year, no other form of cultivation being permitted so long as the land pays a quitrent of 10 cents per acre only. In concessions of one and not exceeding two 1,000 acres, one-twentieth to be planted in each year; if over 2,000 acres and not exceeding 3,000 acres, then one-twentieth to be planted with gutta or rubber trees in each year, no other form of cultivation being permitted so long as the quitrent is paid at 10 cents per acre only.

(c) *Duty*.—An ad valorem duty of $2\frac{1}{2}$ per cent for fifteen years from the date of commencing work. After that the duty in force for the time being, such duty not to exceed 5 per cent.

(d) *Commencement*.—The planting of rubber or gutta trees to be commenced within twelve months of the date of any concession, otherwise the concession will lapse and the land revert to the ruler of the State.

(e) *Alienation*.—The above conditions to bind the lessee and his assigns, alienation of the land being unrestricted.

APPENDIX IV.

CUSTOMS DUTIES IN PERAK.^a

The resident, with the approval of the resident-general, has been pleased, under the powers vested in him by the customs duties enactment, 1898, to cancel notification No. 710, of November 4, 1898, so far as exports are concerned, and to impose customs duties on exports at the rates mentioned below upon the articles specified, such duties to come into force upon the publication of this notification in the Gazette.

^a Amended up to March 1, 1902.

EXPORTS.

Agricultural products.

Tapioca, gambier, and pepper, 2½ per cent ad valorem.
 Cocoanuts, copra, coconut oil, and cultivated rubbers, not exceeding 1½ per cent ad valorem.
 Coffee, Schedule A.
 Gutta percha, all varieties, 80 per cent ad valorem.
 Sugar, 1 per cent ad valorem.
 Sugar cane, 1 cent per picul.
 Charcoal, 10 per cent ad valorem.
 Elephant tusks and ivory, 10 per cent ad valorem.

Fish.

Blachan, 50 cents per picul.
 Fish maws, ———.
 Fish refuse, ———.
 Ikan gulama, 10 per cent ad valorem.
 Prawns, salt and dried, 10 per cent ad valorem.
 The 10 per cent export duty on salt and dried fish may be commuted for a monthly payment of 30 cents in respect of each person employed in fishing, or \$1.40 for each pukut lenghong.
 Horns and hides, 10 per cent ad valorem.

Jungle produce.

Including timber, firewood, mangrove bark, damar, gharu, rattan, ataps, kajang, and samier, also wood oils and getahs not cultivated, 10 per cent ad valorem.
 Mangrove wood, \$1 a picul.

Minerals.

Gold, 5 per cent ad valorem.
 Tin (alluvial), Schedule B.
 Tin (lode), half current rates for alluvial, with a minimum duty of 5 per cent ad valorem.
 Tin ore, 68 per cent of the duty on tin.
 Manufactured tin, same as tin.
 Tin exported from Upper Perak, two-thirds of current rates.
 Tin raised for export from such mines within the district of Batang Padang as may from time to time be certified in writing by the warden of mines to be gold-producing mines, an additional duty of 30 cents per picul.
 Weighing fee on tin, 3 cents a picul.
 Wolfram, \$2 per picul.
 Granite, 5 per cent ad valorem.
 Marble, 200 per cent ad valorem.
 Minerals not specified, 5 per cent ad valorem.

Schedule A.

Duty ad valorem.

When the price of coffee is below \$19 per picul.....	Free
When the price of coffee—	
Is \$19 and up to \$21 per picul	per cent.. 1
Over \$21 and up to \$23 per picul	do.... 1½
Over \$23 and up to \$25 per picul	do.... 2
Over \$25	do.... 2½

*Schedule B.*Duty per bhara.^a

When the price of tin exceeds—	
\$31 per picul up to \$32 per picul.....	\$10. 50
\$32 per picul up to \$33 per picul.....	10. 75
\$33 per picul up to \$34 per picul.....	11. 00
\$34 per picul up to \$35 per picul.....	11. 25
\$35 per picul up to \$36 per picul.....	11. 50
\$36 per picul up to \$37 per picul.....	11. 75
\$37 per picul up to \$38 per picul.....	12. 00
\$38 per picul up to \$39 per picul.....	12. 50

and so on, the duty being raised 50 cents per bhara for each rise in price of \$1 per picul.

^a One bhara equals 6 piculs.

IMPORTS.

Gin ("A. V. H.," Geneva Key brand and similar varieties), \$3 a case of 15 bottles, and proportionate sums for smaller quantities.

Opium, \$12 a ball.

Port wine (German), same as spirituous liquors.

Spirituous liquors (including gin other than "A. V. H.," Geneva Key brand, and similar varieties), \$1 a gallon, or half dozen quarts or dozen pint bottles, and proportionate sums for smaller quantities.

Vermouth, 50 cents a gallon, or half dozen quart or dozen pint bottles, and proportionate sums for smaller quantities.

APPENDIX V.

A.—FEDERATED MALAY STATES.

Abstract of revenue for the year 1900, compiled from statements received from the British residents.

Head of revenue.	Perak.	Selangor.	Negri Sembilan.	Pahang.	Total.
Land	\$351,451	\$255,899	\$125,170	\$40,343	\$772,863
Forest	133,063			49,910	182,973
Rents, exclusive of lands	2,445	959		184	3,588
Licenses	932,060	725,497	213,784	166,902	2,038,243
Customs ^a	4,644,603	3,565,697	803,451	121,367	9,135,118
Port and harbor dues	4,833	25,004	4,730	2,185	36,752
Fines, forfeitures, and fees of court	65,158	50,998	14,664	8,068	138,888
Fees of office	18,511	11,672	19,428	4,527	54,138
Reimbursements	80,824	82,964	11,578	8,162	183,528
Interest	186,747	176,067	1,459	3,908	368,181
Posts, telegraphs, and stamps	88,781	67,938	25,394	9,503	191,526
Railway	933,301	1,072,379			2,005,680
Miscellaneous	12,699	20,209	5,111	2,364	40,383
Municipal	181,650	247,883	26,687	1,727	457,947
Total revenue	7,636,126	6,303,166	1,251,366	419,150	15,609,808

^a Includes export duty on tin and import duties on opium and spirits.

Exclusive of \$86,740 earned by the Province Wellesley section of the F. M. S. Railway.

B.—STRAITS SETTLEMENTS.

Abstract of revenue for the year 1900.

	Singapore.	Penang.	Malacca.	Crown agents.	Total.
Land revenue, exclusive of land sales ...	\$45,420	\$106,624	\$116,495		\$268,539
Rents, exclusive of land	2,137	2,083	1,421		5,641
Licenses	2,011,306	1,101,848	204,544		3,317,698
Stamps	300,487	138,728	9,683		449,898
Port and harbor dues	160,967	35,896	2,699		199,562
Postage	171,141	59,836	4,428		235,405
Fines, forfeitures, and fees of court	69,785	43,163	6,117		119,065
Fees of office	82,475	49,044	3,893		135,412
Reimbursements	124,366	89,673	19,467	\$64	235,570
Sale of government property	1,829	839	232		2,899
Interest	74,376	15,397	570	29,476	120,017
Miscellaneous receipts	8,388	1,875	536	1,571	12,370
Special receipts	59,635	35			59,670
District collections	8,743	90,406	22,613		121,762
Land sales	76,736	5,465	13,636		94,837
Total revenue receipts	3,212,980	1,736,112	406,354	31,110	5,386,556

Chapter V.

POLICE SYSTEMS.

BURMA.

CLASSIFICATION.

Owing partly to the fact that Burma is a comparatively new British possession, and that a considerable part of its boundary line is also a boundary between British and foreign possessions, it has been thought wise to give to a considerable portion of its police a military organization. The first division, therefore, of the police is into civil and military police.

For purely local administration in the rural districts we find also a rural village police.

Since the railway has been established a certain section of the civil police is separately organized and devotes its time especially to work either for the railways or along the line of the railways, so that the railway police form a special section of the civil police.

Another section with a separate organization is that employed in the municipalities, called the municipal police, and a further division is called the cantonment police. The only divisions, however, which we need to consider in any detail are the civil, the military, and the village police.

THE CIVIL POLICE.

Number and nationalities.—According to the report for 1900, there were in the civil police force 129 Europeans, all of them officers of higher or lower rank; 49 Eurasians, all of them officers except 2, and natives, 1,444 officers and 10,861 men, making a total of 12,483. The following table makes an interesting comparison between the number of police in proportion to the population, to the area in square miles, to the number of criminal cases investigated, etc., in various parts of India and Burma, and will bear careful examination:

Province.	Police, sanctioned strength.	Population.	Cognizable cases.	Proportion of police to population.	Proportion of police to cognizable cases investigated.	Proportion of cognizable cases investigated to population.	Area in square miles.	Proportion of police to area.
Madras	22,764	38,582,662	82,778	1 to 1,695	1 to 4	1 to 466	141,189	1 to 6
Punjab	20,440	20,860,913	54,728	1 to 1,021	1 to 3	1 to 381	110,667	1 to 5
Assam	2,480	5,484,298	8,666	1 to 2,211	1 to 3	1 to 640	90,774	1 to 20
Bombay	15,605	15,163,566	27,559	1 to 972	1 to 2	1 to 554	77,493	1 to 5
Bengal	23,339	70,488,673	96,886	1 to 2,873	1 to 4	1 to 728	144,423	1 to 6
Northwestern provinces	35,270	46,985,085	73,473	1 to 1,330	1 to 2	1 to 638	107,503	1 to 3
Burma	12,916	8,260,785	40,267	1 to 640	1 to 3	1 to 205	234,563	1 to 18

Religion and caste.—Inasmuch as the question of religion and caste is of very great importance in the police force in Burma as well as in India, it is well to note briefly the distribution of these men among the different religions. Of the officers there were in 1900, 206 Christians, 35 Mohammedans, 19 Hindus, 9 Nat Worshipers, and 1,351 Buddhists; while among the men there were 112 Christians, 512 Mohammedans, 618 Hindus, 402 Nat Worshipers, and 9,218 Buddhists. With the Hindus there are to be found Brahmins, Rajputs, Gurkhas, Sikhs, Arakanese, Chins, Jews, as well as Hindus of various castes.

Inasmuch as the civil police is made up to a very great extent of Burmans, with a comparatively small number of Indians from other quarters, it is natural that the Buddhists should far outnumber those of other religions. In the case of the military police, which is made up mostly of natives of India, the condition of course is quite otherwise, there being only 11 Christians, 16 Mohammedans, and no Buddhists out of a total of 15,075.

Composition.—The civil police is recruited, with the exception of a certain small number of natives of India enlisted for special duty, as municipal, cantonment, and railway police, entirely from the natives of Burma. Natives of the district in which they are to be employed are given the preference in enlistment.

The higher officials are, of course, Europeans for the most part, although a certain number of Eurasians are employed. No natives are appointed in the chief positions; there are a few as assistant district superintendents, and more natives are appointed as inspectors than are either Eurasians or Europeans. The subordinate positions, that is, the subinspectors, head constables, sergeants, etc., are for the greater part natives.

Pay and cost.—The average pay of mounted constables is 24 rupees per month; the foot and water constables 14 rupees per month. The mounted constables are required to furnish their own ponies and mounts. The authorized number of mounted constables is 470; of foot constables 10,513, and of water constables 176.

The cost of the entire civil police force for the year 1900 was Rs. 36,33,869.

Conditions of enlistment.—For enlistment in the civil police a native Burman must be between the ages of 18 and 30; at least 5 feet 3 inches in height, and with chest measure of 31 inches. A native of India must have a height of at least 5 feet 6 inches, and a chest measure of 33 inches, unless some special exemption is made.

It is the intention to enlist only those who can read and write, and candidates must present certificates from the headmen of their villages to the effect that they are of good moral character. Exceptions may be made on the question of literacy.

Every recruit is first put on probation for a period of six months. If, during this period, he shows himself suitable, he receives a permanent appointment.

Training.—In order to instruct the policemen in their duties a training depot has been established at the headquarters of nearly every district in Burma, and in some cases even at the headquarters of subdivisions. In these depots are provided courses of preliminary training for all recruits, a certain amount of training for all constables of the lower grades, and likewise training for the head constables, ser-

geants, and for first grade constables who seem to need such training. The training consists in the first place, for the illiterate constables and the recruits, of reading, writing, and the elementary duties of the constable, with definitions of the most common offenses; that is, in reality, of the Indian criminal code and the criminal procedure code, and of the laws that deal especially with the constables.

For those who are not familiar with the Burmese language, special instruction is given in reading and translating Burmese, and conversation and translation from English into Burmese. The examinations in the vernacular are quite rigid in their nature, and an assistant district superintendent will not receive any grade promotion until he has passed in the Burmese language by the lower standard, while if he fails to pass this test within three years from the date of his first appointment he shall be liable to forfeit that appointment. The inspectors or head constables will receive no promotion until they have passed in the Burmese language in the elementary standard, and they are liable to forfeit their appointments if they fail to pass within two years. Officers who are not natives of Burma, but who pass examinations in the Burmese language, which it is not compulsory for them to pass, receive rewards in cash as high as 100 or 200 rupees.

There are as many as five grades of constables and three grades of sergeants, and appointments to these grades are made on account of excellence in examination as well as for excellence in their regular work as policemen.

In addition to school instruction of course there is ample provision made for instruction in the regular duties of policemen so far as drill is concerned, practice in musketry, in bayonet exercise, etc.

Marriage and pensions.—In connection with the barracks and cottages, accommodations are provided for married men in the proportion of 40 per cent of the total strength of the force.

Besides the usual provisions for pensions, all officers appointed after the 18th of August, 1899, must subscribe to a provident fund for officers of the police of or above the rank of assistant district superintendents. All married officers, including widowers with children, must do the same, excepting those who have adequately provided for their families either by an insurance policy, by subscription to the pension fund, or by the possession of private means, and are thus specially exempted under the orders of the local government. Unmarried officers entering the service after the 18th of August, 1899, whenever they do marry, must also subscribe, unless they adequately provide for their families as above mentioned. Unmarried officers who were already in the service at the time the regulation was passed may subscribe to the fund or not, as they will. The rate of subscription is such that a monthly pension is provided of from 20 rupees for a widow of a constable and 5 rupees for each child—for boys until 18 years of age, for girls for life or until marriage—up to a monthly pension of 120 rupees for a widow of a district superintendent of police, with 30 rupees for each child, as provided before.

Besides the regular pensions provided under the civil-service regulations, provision is also made for the retirement of policemen when they attain the age of 55 years; but their term of service may be extended for five years longer, provided that they pass annually an examination before the civil surgeon, showing that they are fit for service.

Invalid pensions may be paid in proportion to the length of service, provided the candidate has served for ten years or more, and provided his incapacity is not the result of irregular and intemperate habits, or he is not cut off by other similar provisions, such as are usual in all countries.

Further provision favorable to the police is made in connection with leaves of absence. Without giving details, it may be stated that it is usual to grant one month's leave for every eleven months of uninterrupted service; to grant one year's furlough on half pay after ten years' service, and another year after service of eight years more, while leave without allowance may, in cases of necessity, be granted for special reasons. Of course, hospital leave and leave for special reasons may always be provided, with strict regulations regarding the overstay of leave, absence without leave, etc.

Arms.—The arm for the civil police is the smooth-bore converted Snyder, with bayonet. The head constables and sergeants are armed with revolvers and swords. In addition to the arms mentioned above, every sergeant and constable is provided with a *da* (a sword knife).

The police are not expected, under ordinary circumstances, to carry their guns. Owing to the fact that in certain disturbed sections of the country police stations were sometimes rushed and the guns captured by bandits, or by those not yet satisfied with English rule, it has been provided that arms shall be kept only at posts where, owing to the security of the buildings, or the strength of the civil police, or to the presence of military police, there is very slight danger of the arms falling into the hands of bad characters. Wherever the stations are situated in turbulent or frontier tracts, or wherever the civil police are likely to be called upon to guard treasure, special provisions, of course, are made. Ordinarily the number of guns provided is considerably less than the number of police, 50 per cent or so, but the whole of the civil police force is to be trained in the use of firearms.

Most rigid accounts are to be kept of arms, ammunition, and equipments.

Special crimes.—Upper Burma, of course, has comparatively lately come into British possession, and in certain parts of the country the inhabitants can not yet be said to be in thoroughly good order. In a good many cases in both Upper and Lower Burma there is much cattle stealing, sometimes by organized gangs; and in Upper Burma there is still considerable danger to the villages of raids by gangs, which needs to be especially guarded against. It is particularly noticeable, however, that both dacoity (gang robbery) and other forms of robbery, as well as cattle theft, seem to be diminishing. In connection with the discussion of the village police certain special measures taken against such crimes will be mentioned.

Patrol of roads.—In order to prevent such crimes or to render arrest of criminals as prompt as possible, it has been found advisable to patrol all important roads. In certain cases this is done by mounted police, possibly military police; in most cases by ordinary civil police. Such police on patrol carry their arms, and on moonless nights are given a dark lantern as well. In certain cases beat constables are provided to go about through the different villages in the district, visiting some of them possibly not oftener than once a week. Under those circumstances it is the special duty of this beat patrol to keep note of all the bad characters in the different villages, learning their occupa-

tions, their habits, where and how they are likely to make trouble, etc. Besides that, he is expected to collect information regarding the condition of the roads, bridges, and telegraph lines; sometimes to collect records of births and deaths, to note any wandering gangs of any kind that may be in the district, to attend festivals, fairs, etc., in order to keep track of bad characters that may attend them; to report on the prevalence of gambling, the location of gambling houses, and, in general, to do everything that may give the district officers full information regarding crimes that have been committed or that may be attempted, as well as to do much other work which will further the comfort and safety of the inhabitants.

Care of criminals.—As is customary in most new countries, it has been found that at times native police are not so careful of the comfort of prisoners as is customary in more highly civilized countries. Although the laws rigidly forbid any torturing of prisoners, instances are not wanting of native sergeants and constables who, to secure information, have compelled prisoners to walk up and down before the station house until sheer weariness became torture and the prisoners confessed. Other cases are mentioned in which prisoners have been fed on rice and honey, with a plentiful supply of water placed just beyond their reach, until overpowering thirst would compel the giving of information or would elicit a confession. Probably careful inquiry would show other forms of torture, although doubtless undue severity of this kind, if known to the English officials, would meet with due punishment.

Identification.—In Burma, within the last two or three years, the system of identification of prisoners by means of finger marks has been introduced, and according to all accounts seems to be giving so far thorough satisfaction.

Prisoners.—In the prisons of Burma there is a regular classification of the long-time prisoners into three grades. In the lowest grade are placed all long-time prisoners for the first six months, and they gradually, by good work and good behavior, work their way up to the other grades where more favors are shown them.

It is also customary, after prisoners of certain classes have been released, to keep them under surveillance for a considerable length of time. Of course, dangerous characters and minor offenders as well as suspects are regularly kept under supervision, a careful register of their movements being made. Besides this general supervision, arrangement is made, under the preventive sections of the criminal procedure code, for the arrest and binding over to good behavior of all persons who are likely to become criminals. It is interesting to note that in 1900 not less than 10,563 persons were under surveillance during the year. Of these, more than 2,000 were in the class of those mentioned as of doubtful livelihood.

Deportation of dangerous characters.—It is also of importance to note that in certain villages where there seems to be a concentration of criminals, or where the village itself has seemed to be decidedly hostile to British rule, leading malcontents are deported to other sections of the country. In one police section no less than 103 persons, in the year 1900, were ordered to remove. Altogether during that year 111 persons were thus deported. In the first case mentioned, the 103 persons were removed because they were related to two outlaws whom they were suspected of harboring.

Punitive quartering of police.—Besides this somewhat radical measure, provision is also made to punish the inhabitants of villages who show apathy in assisting the authorities to bring to light violent crime or in apparently sympathizing with and harboring criminals, by quartering on them a punitive force of police. For example, in Burma in the year 1900 a punitive force of 1 sergeant and 10 constables was quartered on the inhabitants of two villages for a period of six months, at a cost of 1,674 rupees 11 annas and 6 pies; and in another case 4 constables were quartered upon other villages for the same length of time, at a cost of 455 rupees and 4 annas.

Fining of villages.—Under the village acts of both Upper Burma and Lower Burma, villages may also be fined for harboring criminals or for protecting them in other ways. For instance, "if stolen property having been tracked to their village, they have failed or neglected to restore the property or to take on the track beyond the limits of their village,"^a the village headman may be notified that the village has been fined a certain amount, and be compelled to pay the fine at once. He may then collect the sum afterwards in whatever way he and the villagers may determine. During the year 1900 no fewer than 74 villages were thus fined. On the other hand, rewards are sometimes paid to villages for showing unusual skill or watchfulness in resisting dacoits or robbers. Six villages were thus rewarded in one district of Burma in the year 1900, and altogether 17 villages in Burma were thus rewarded during that year.

VILLAGE POLICE.

Introduction.—In what has just been said regarding punitive measures inflicted through the police authorities, it will be noted that villages as units are held to strict responsibility in connection with crimes of various sorts. This responsibility is usually enforced through the headman of the village. By the ancient customs of that country in most cases the government of the rural villages is practically a government by the headman of the village, whose office, generally hereditary, must be confirmed by the British authorities. In levying taxes, as has already been explained in Part III, on taxation, the headman is assisted by officials elected by the people. Likewise in his police duties he is assisted in large places by certain subordinate officials. If the village is in two or three different parts, a subordinate officer is appointed to assist in police duties in these different parts, and sometimes the headman appoints subordinates each of whom has charge of ten families. It is the duty of these subordinates to keep track of all doings of the villagers under his charge which would give indication of any criminal action, to note the arrival of any strangers coming into the village to visit them, to find out whether the purposes of such visitors are those that would conduce to the welfare of the village or otherwise, etc., and to report regularly to the headman.

The village hedge.—In many parts of upper Burma, owing particularly to the prevalence of cattle thieving, the village is surrounded by a high hedge, through which it would be impossible to drive cattle and

^a Lower Burma village act, section 14, Clause C; Upper Burma village regulation, section 9, Clause C.

through which it is even difficult for a man to penetrate. The larger villages will have sometimes two or three or several gates giving admission to the village through this hedge. Small villages often have but one gate. For the keeping up of this hedge it is customary for the headman to divide the hedge into a number of sections equal to the number of independent families in the village and to assign to each family a portion to keep in order. Of course the headman or assistant sees to it that each family performs this duty.

Village watchmen.—In a similar way the police duty of the village is provided for. Each family is liable to a certain amount of police duty without pay. Consequently the headman ascertains the number of villagers suitable for police duty, and so divides the work among them in rotation that each adult male is called upon to perform his fair share. It is the business of the watchmen thus assigned to guard the gates to prevent the incursion of robbers, and in general to keep watch of the village so as to protect it against fire or other injury which might threaten it.

In the house of the headman of the village one may at times see lists posted of those who are required to keep the hedge, in connection with the places which they are to keep in order, and lists of watchmen, with the dates on which they are to perform their duties.

MILITARY POLICE.

Composition of force.—Owing to the necessity of frontier guarding, as well as to the need of a force organized more like a regular army, Burma, as has been said, has a strong military police. On the 1st of January, 1901, the total force was 15,075, considerably more, it will be noticed, than the number of civil police, 12,483. The military force is organized quite after the type of the regular army, being divided into battalions, companies, half companies, etc., with higher officers appointed mostly from those who have served in the regular army in India and who are detailed for this special work. There are in all at present 13 battalions, with 144 companies, and 198 men not so organized; practically 146 companies. When the companies are full strength they include 100 sepoy, with, in Upper Burma, 13 officers, and in Lower Burma, 10 officers. The native officers are regularly given native names, such as "subidars" for captains, "jemadars" for lieutenants, etc., "sepoys" being the name given to the native privates.

Of the 15,075 military police, about 600 are mounted.

Caste and nationality.—Partly perhaps because the Burmans are not yet to be entirely trusted as regards their willingness in all cases to keep order among their own people in times of emergency, more especially, however, because they are not so amenable to rigid military discipline as are certain castes of India, the military police are made up almost entirely from troops enlisted in India, although a comparatively few, some few hundreds only, are enlisted from the hill tribes of northern Burma. From Bengal are taken by far the largest number. Of these 3,373 are Mohammedans, including Hindustanis, Punjabis, Afghans, and Pathans; 7,732 are Hindus, including the Sikhs, Rajputs, Jats, Brahmins, and other castes; 3,127 are from the northeast frontiers, the Gurkhas proper, Limbus, and the Rais; from Bombay 110, including Mohammedans, Mahrattas, and other Hindus,

while all of the remaining, including Christians, Jews, and the Burmese Hill Tribes, amount only to 730. By far the largest number are the Hindu Sikhs, 4,248. Next to these are the Punjabis, Moham-medans, 2,475, while of the Gurkhas from the northeast frontier there are 1,695, and 1,224 of the Limbus and Rais from the same district.

It is of importance to note that in enlisting these men the special castes of the different provinces and the special districts from which the best soldiers come, are carefully noted. The enlistment of men of menial castes is forbidden, both because the men of the higher castes will not serve readily with them, and because experience has shown that they lack in courage, and in consequence do not make good fighting men. The officers of the military police lay often much stress upon securing recruits from those who have been brought up under rigid caste rules, because these men have thus received a discipline, and have been taught self-control and restraint to a much greater degree than even the English themselves, although in intelligence and ability to grasp the needs of a difficult situation they are, generally speaking, by no means the equal of the British soldier.

Numbers and pay.—The total area in square miles served by this military police is 193,570, while the population served is 7,900,570. This makes the proportion of the whole force, including officers and men, to the area one to 12.81 square miles, and the proportion to the population one to 522.77.

The pay of the average sepoy and bugler runs from 14 to 16 rupees per month, while that of the native officers, including the captains, runs from 20 rupees to 100, or even 150 rupees per month. Elephant drivers are paid from 17 to 25 rupees; drivers of ponies for transport business from 10 to 27 rupees; cooks, sweepers, etc., 10 rupees each.

In some of the castes, of course, the men receive a food allowance and do their own cooking, inasmuch as it would be contrary to the rules of their caste for them to eat in the presence of others or to receive food from anyone of a different caste.

Enlistment.—Men are enlisted, in the first place, for a period of three years, and with the consent of the commandant or adjutant may reengage on the expiration of that term for another period of three years. After the completion of the third engagement it is not admissible for the commandant or adjutant to refuse a reengagement, except under circumstances which would justify summary removal from government service.

With the exception of certain tribes such as the Gurkhas, Kachins, etc., the recruit must be at least 5 feet 6 inches high, with a chest measurement of not less than 33 inches. The recruits must be between the ages of 18 and 25 years unless they have served either in the army or in the police before, when they may be enlisted up to the age of 30.

Provisions are made for the training of officers and soldiers along the general lines already described in the account of the civil police.

Ordinarily it is expected that the police will not be married, but in connection with the barracks provision is made for a certain number, not more than 10 per cent, of married men in the force.

Pensions.—Pensions are sometimes paid in accordance with the rules of the civil service, sometimes in accordance with the military pension rules. Under some circumstances it is optional. Those who have entered the military police after the 1st of January, 1889, receive

their pensions under the civil rules. Inasmuch as the military policemen draw good pay, somewhat less care is perhaps needed for advances and gratuities than in other cases. The main provisions at present are as follows:

After a service of ten years there is awarded a gratuity not exceeding one month's emoluments for each completed year of service. After ten years of completed service the scale of pensions is determined by the number of years of completed service. The pensioner receives as many sixtieths of the average emoluments as he has completed years of service. For example, after ten years' service he will receive ten-sixtieths of from 2,000 to 5,000 rupees a year, depending upon his salary during service; after twenty years' service twenty-sixtieths; after twenty-five years and above he would receive thirty-sixtieths, and so on. It is not worth while to enter here into detail regarding the regulations regulating family pensions, wound pensions, etc. The above will suffice to show the general principle followed in ordinary circumstances.

It is interesting to note in connection with the special provisions for the identification of criminals that thumb impressions are taken of all men whose pensions are chargeable to the military department, and these impressions are attached to the applications for pensions. This information, the thumb impression, is required for purposes of identification of pensioners whose pensions are payable by that department.

Leaves of absence.—Ordinary rules regarding leaves of absence are found, with a special provision for free passes for men who proceed to their homes in India on furlough and sick leave.

Duties.—The military police, as has already been intimated in the discussion of the civil police, are used particularly for garrison duty, for watching over treasures, for patrol duty on the frontier, for escort duty, and for ordinary police duty in the larger cities. No special discussion is needed of the crimes under their control or of special ways in which the work is carried out beyond that already given in connection with the civil police.

Reports.—It should be kept in mind that in the case of both the civil and military police the most detailed regulations are made regarding reports and diaries kept by the police officers of every rank. Especially interesting are the regulations for the keeping of confidential diaries for the use of the chief inspectors and the care exercised in preparing the officials for correspondence in the vernacular.

THE STRAITS SETTLEMENTS AND FEDERATED MALAY STATES.

Classification.—In these countries there is no military police properly so called, nor is there any village police such as we find existing in Burma. There is, strictly speaking, only a civil police, whose organization is not into battalions and companies, but, as the force is so scattered in different places, merely into squads and posts.

In the Straits Settlements there is regularly stationed a regiment or two of British troops, which of course might be called upon to serve in keeping the peace locally if there were need.

Also, when the four Malay States were organized into the Federated Malay States, provision was made for the support of a regiment of Sikhs by the Federated States which might be called upon to do gar-

ri son duty in the Straits Settlements or in the Federated States, provided that in the event of war the British troops should be called away or there should be other need for the defense of the colony. This regiment also could, of course, be made use of if there were need; but in the strict sense of the word they are not military police nor are they amenable to police regulations.

Statistics.—On the 31st of December, 1900, there were in the Straits Settlements, including Singapore, Malacca, and Penang, with the provinces connected with them, 1,903 police all told. Of these, 76 were Europeans, 309 Sikhs, and 1,449 Malays and Klings, while there were 4 Eurasian detectives in Singapore and 65 Chinese detectives in all three of the divisions of the Settlements.

This number of police gives 1.234 per square mile of territory covered, and 3.08 per thousand of the population.

Inasmuch as the population of the Straits Settlements is, relatively speaking, more of a city population than is to be found in Burma, the comparison of course is not of much significance.

Possibly in this regard a fairer comparison would be between one of the Federated States, such for example as Perak, and Burma. In Perak there were on the 26th of February, 1902, 15 Europeans, 476 Indians, and 380 Malays, besides 72 detectives, orderlies, buglers, etc., making a total of 943, which gives 0.9043 per square mile of territory covered, as compared with 0.0556 in Burma. The number of population to each member of the police was 349, as compared with 640 for Burma.

Enlistment.—The general provisions for the enlistment of police, if we take the regulations of the Straits Settlements as typical, are substantially as follows: No married man will be enlisted. Until after promotion to the rank of sergeant, no policeman is to be married without permission. No man over 30 years of age will be enlisted. The pay of a constable, European, is \$720 per annum, payable in monthly instalments of \$60. After three years' good service in the ranks the pay will be raised to \$65 per month. Subject to the vote of the legislative council, members of the police are allowed exchange compensation on half their pay, so as to make that half worth 3 shillings to the dollar.

Engagements are for six years, and, by recommendation, members may be reengaged for further terms of six years. In case a European, recruited in Great Britain, reengages at the end of the six years' term without leaving the colony, he will receive a bonus equal to three months' pay. Sergeants, married with leave, are granted an allowance, in lieu of rates for their wives and children, at the rate of \$4 for the wife per month and \$2 a month for each child under 14 years of age.

Pay.—The commencing pay for Sikhs is \$132 per annum, payable in monthly installments in arrear. In addition to the same amount as pay, Malays and Klings receive in the Singapore settlement an allowance of \$2, in Penang of \$1, and in Malacca of 50 cents.

The reengagements are for five years for Sikhs and three years for Malays and Klings. In all cases, of course, free quarters and uniform are provided, together with medical and hospital attendance, etc. Suitable food, bedding, etc., goes with the different classes of police.

Instruction.—Classes are established for teaching the European,

Chinese, and Sikh police the Malay language, and examinations are held every four months. It is expected that the course will be continued until all can speak Malay so as to be reasonably well understood by anyone acquainted with the language. There are certain gratuities paid to those who pass the examinations at the proper time. In the case of Europeans this gratuity is \$10 for an ordinary pass of standard 1 after four months' study, and \$14 for a good pass. The gratuities for the later studies are as follows: \$12 for standard 2 after eight months' study for a pass, \$18 for a good pass; \$14 for a pass of standard 3 after twelve months' study, \$20 for a good pass; \$16 for a pass of standard 4 after sixteen months' study, \$24 for a good pass. For Sikhs and Chinese the gratuities are, for a pass of the various standards, \$5, \$6, \$7, and \$8, respectively, and for a good pass, \$7, \$9, \$10, and \$12.

A special reward of \$25 is given at the end of the two years if any serviceable knowledge has been acquired by Malays in reading and writing English, or by the English, Sikhs, or Chinese in reading and writing Malay.

In addition to these language standards, all are trained in manoeuvring and firing, company drill, guard and scout duties, general duties of police officers, practice work on beat duty, and so on. An effort is made to make all training as practical as possible. Every recruit who is proficient in these studies, and is of good character, is promoted to the second class without regard to length of service. No constable will be promoted to the rank of a noncommissioned officer unless he can read and write at least one language.

Besides the rewards above mentioned there are also certain special rewards in the nature of added money allowances, as well as of decorations for good conduct.

Pensions and leave.—Provision is made for pensions for members of the police force who have served continuously for ten years and upward, provided they are certified by a board of medical officers to be unfit for further service. The rate of one who has served continuously for ten years is fifteen-sixtieths of the annual pay of his rank for the three years preceding his retirement, with an additional allowance of one-sixtieth for each additional year of service, until the completion of thirty-five years, when a pension of forty-sixtieths may be granted. After fifteen years' service a member becomes eligible for a pension of twenty-sixtieths of his annual pay without being required to present a medical certificate of unfitness for service, provided he has reached the age of 45 years. Other details regarding pensions are similar to those found in Burma.

Similar provisions are also made for leaves of absence and bonuses. Once in seven years European inspectors, sergeants, and constables recruited in Great Britain may have granted to them a free second-class passage to England and return, with half pay while on leave. Of course proper provisions along similar lines are made for wives and children of Europeans.

Arms.—The police are regularly armed with guns of a somewhat poorer quality than those used by the English soldiers. Sikhs are given good rifles, and rifles of the best quality are ordinarily kept in the forts and elsewhere, which can be supplied on occasion. In ordinary work, when the Sikhs are on guard over treasuries, in forts, and

elsewhere, they are furnished with ball cartridges. The native police are furnished with cartridges loaded with buckshot. In the cities they are usually armed with their clubs.

Patrol.—In the rural districts all the main roads are patrolled. In the province Wellesley, for example, police stations are provided about every 5 miles, and a squad of five or six men is kept in each station. Usually three men remain at the station while two patrol the road to the next station, or until they meet the patrol from that station, with whom they exchange cards and return. It is found that this patrolling of the country roads, with the careful outlook for suspicious characters, tends to keep down crime materially. A native found on the road late at night would usually be made to give a satisfactory account of himself before being allowed to proceed.

Special crimes.—One of the most important crimes which needs to be guarded against, more particularly in the country districts, is still gang robbery. Occasionally, although rarely, crimes of a similar nature are committed in the cities. The crime of robbery in the houses of cities is perhaps most frequently committed by the Chinese. In ordinary cases houses are not broken into, but through collusion with the servants the doors are left open. Where there is a large number of Chinese residents, it is found necessary to engage Chinese detectives, although, speaking generally, the reports seem to show that they are by no means always trustworthy. Many police officers think it would be desirable to compel the Chinese all to live in designated sections of cities, as is the custom in Java.

Secret societies.—There has been found in both the Straits Settlements and the Federated Malay States considerable difficulty with the Chinese, owing to secret societies. In earlier times particularly the contests between the societies created much trouble, but since the existence of such societies has been forbidden, unless they are recognized by the police as existing for worthy purposes and duly registered, there has been much less trouble. In almost every year, however, an attempt is made to organize societies of a criminal nature or for the protection of criminals, but usually the attempt is early discovered, the ringleaders are banished, and the trouble ceases.

Special provisions.—In the Straits Settlements it is expected that the weights and measures will be verified under the direction of the police.

In the case of persons dying intestate leaving movable property in the State under \$100 in value, the property is administered by the police, whose duty it is to turn it over to the proper claimants, or to turn it into the public treasury as escheat in case no proper claimants are found.

Identification.—There has been introduced in the Straits Settlements the system of identification by finger marks. The police officers report that this new system gives them a far better knowledge of habitual criminals than they had ever had before, as the ease and accuracy of indexing cases is much greater than in any other system of identification. As has already been shown in connection with the Burmese police, there is a careful system of detailed reports, which enables the officials to keep an accurate record of crimes and criminals, as well as of all work done by the police.

JAVA.

Classification.—Owing partly to the war in northern Sumatra, partly to other reasons, Netherlands India, including Java, has an army of some 50,000 in all, of which some 20,000 regularly stay in Java. This army would be available in case of any outbreak among the native population or for other special duty which, in other countries, might be cared for by the military police. In consequence not so much, relatively speaking, has been made of the military police as in Burma. Nevertheless, in 1897 there were established ten corps of armed police that might fairly be called military police. These, in the main, are stationed where there are no regular troops and in cases where there may be still some danger either of an uprising of some of the native inhabitants or more particularly, perhaps, plunder from gangs of robbers.

Aside from this armed police there is to be considered only the local police, although this perhaps should be considered in two different classes. In the larger cities where certain guards and escorts, as well as messengers for local magistrates and others, are needed, there are certain paid police to do this unusual duty. The greater part, however, of the ordinary police work, so far as the patrolling of roads and keeping the peace are concerned, is performed by unpaid village police.

Organization.—So far as the police organization is concerned, ordinarily in the different divisions of Java the assistant resident is the European head of police, and under him there are various European inspectors, instructors, etc. Side by side, however, with these European officials stand native officials through whom the larger part of the immediate local work is done. In each residency there are one or more regencies at the head of which there is a native official, usually corresponding in rank to an assistant resident, who is called the regent, and who, besides other functions, is head of the native police. Under the regent there is also a subordinate, or, if there are several divisions in the regency, one in each division, called a patih, through whom the regent gives his instructions to lesser officials and who has the supervision in carrying them out. The regency in Java is divided into districts. At the head of each district there is an official appointed by the governor-general on the advice of the resident after consultation with the regent, who is called a wedono, and this wedono is the active head of the local police. He is supposed to carry out directly the orders of the regent, and upon him regularly rests the responsibility of keeping order in the district, of investigating crimes among the natives, etc. Where the population is dense there are various assistant wedonos, and at times the wedono may act through the heads of the villages, the bekel.

The heerdienst.—In discussing the questions of labor and taxation, attention has already been called to the unpaid service rendered by the male members of each household in Java. Besides the work on the roads and other service, there is also that of watchmen or policemen. The work of watchmen and patrolmen is so divided up among the different heads of families in the villages and towns that each male inhabitant is called upon in due order to do his share of the work. In the country villages, and even in the larger cities, like Batavia, there are placed at comparatively frequent intervals station houses for the

watch, in which are placed a kind of hollow bamboo drum on which at night the watchmen are expected to strike the hours to show that they are awake and attentive to their duties. Whenever it is necessary to go on patrol duty, especially in somewhat dangerous or remote districts, the wedono has the watchmen divided into small squads of from two to six each. In ordinary times the duty of watchmen is not much more than to remain in the guardhouses and strike the hours at regular intervals. At other times, of course, the duty is much more active. They must keep the peace.

Various regulations.—As has been intimated, these men serve without pay. They are armed regularly with clubs, but in case of necessity, especially if they are sent out to apprehend robbers, they are armed with revolvers and may even be given rifles.

The wedono, besides being under the direction of the regent, is also, of course, under the general direction of the European assistant resident and of the European inspectors whom he may have under his direction.

In the larger towns, also, for protection against fire, there are fire companies, a kind of fire police, made up mainly of the local inhabitants, who do their duty without pay, but regularly there is a European in charge of each fire engine, and the natives work under his direction.

The Chinese and other foreign Asiatics.—In the preceding chapters attention has been called to the fact that the Chinese are required to live in certain sections of cities and towns, and that their affairs are regularly under the direction of a "lieutenant China," or a "captain China," or a "major China," depending upon the size of the town. These leading Chinamen are appointed by the Dutch Government, and in addition to the other duties already mentioned they are also held responsible for policing their sections of the town. They appoint their own subordinates, who either serve free or under whatever arrangements the "captain China" thinks it best to make.

In the three chief cities of Java there is also a Chinese council made up of several of the most influential Chinamen, through whom the Chinese affairs are arranged, presented to the resident, and carried out with his consent and direction. In these quarters of the town, as has already been stated, the Chinese police are supposed to look after the Chinese, but the wedono of that district has also responsibility in connection with the matter, as has also, of course, the supervising European official. The captain China is regularly of the same rank as the wedono, and the two are supposed to work together harmoniously, both under the supervision of the European assistant resident, although independent of each other.

The Arabs, wherever they are in sufficient number so that a quarter of the town is set aside for their habitation, have an organization similar to that of the Chinese, and their captain, or lieutenant, as the case may be, is likewise held responsible, in conjunction with the native wedono, for the due policing of their quarter of the city.

It will be noticed, therefore, that in Java far more use is made of unpaid native citizens in connection with the ordinary police work than in any of the other countries under consideration. It must not be overlooked, however, that here also, as well as elsewhere, there is the most rigid European supervision.

SUMMARY.

1. In countries where police service for controlling large sections of country is needed, besides the civil police there is also a military police, organized, armed, and drilled on military lines, but under the control of the civil authorities. In both branches the force is chiefly of natives under European supervision.

2. The civil police regularly serve in the districts where they are recruited; the military police are regularly sent to other sections.

3. In both divisions of the service regulations regarding enlistment, marriage, and pensions are somewhat on military lines, the military police being under substantially the same rules as the regular army.

4. Instruction in not only the duties of the police and drill, but also in the native languages of the country and in law, so far as it concerns police action, is regularly given. Prizes are offered for proficiency in the native languages and promotion is often dependent upon it.

5. The cost of a native police, even when organized on military lines, is very much less than the cost of European police.

6. The arms furnished the native police are usually, not always, poorer in quality than those given the European troops in the same country. Often rifles are kept only in special stations and are issued only for special reasons, though target practice is regularly held.

7. To prevent difficulty in rural districts, especially where the country is not entirely free from gang robbers, all important roads are regularly patrolled at night. There is also a special patrol among a round of villages whose duty is particularly to secure information regarding all criminals and concerning local conditions of all kinds.

8. Villages are, in many cases, held accountable for crimes traced to the village, or for harboring or encouraging criminals. They are punished usually by fines; sometimes a force of police is quartered upon them at their expense.

9. In certain cases, especially in Burma, individuals and families known to be sympathetic with criminals, and to be harboring them, are removed to other sections of the country and forbidden to return. Chinese criminals and leaders of dangerous secret societies in the Straits Settlements and the Federated Malay States are frequently banished.

10. In both English and Dutch colonies special regulations are made for the Chinese and other foreign Asiatics. In Dutch colonies this amounts to rigid control of their places of habitation and prevention of their traveling.

11. The system of identification of criminals by means of finger marks is being adopted in most of the English oriental colonies.

12. In villages in both English and Dutch colonies the police service, which partakes also of the nature of watchman's service, is compulsory without pay, and the men of the village perform the service in rotation. In Java the system is extended even to the larger cities.

Chapter VI.

EGYPT.

NOTE.—The Report on Egypt was outside the scope of the regular investigation; but so much suggestive material on subjects germane to Philippine problems was found that it has been thought best to print it as a supplementary chapter.

The climatic and economic conditions in Egypt are so different from those in the Philippines or other dependencies of the United States that little in the way of direct suggestion along those lines is obtainable. On the other hand, there is a similarity, since the English administration has under its direction a people that for a long period in the past has been subject to arbitrary and oppressive rule, with a considerable number of individuals among the upper classes who are wealthy, highly educated, and some of whom were accustomed to take an active part in the Egyptian Government.

1. *General principles of administration.*—The government states that it has attempted to rule Egypt strictly in the interests of the Egyptians themselves. Any advantage which England derives from its occupation of Egypt must be indirect. It is found that when any one urges that the interests of England be directly looked after that means that the interests of certain individual Englishmen or English corporations are to be taken into consideration. The only safe plan is to consider the Egyptians alone.

It has been found necessary to put Englishmen into responsible places which require ability to originate plans and to direct. Practically all subordinate positions, even the higher ones, can be safely intrusted to Egyptians. "The English brain, but the Egyptian hand," is the expression of the principle. Attempts have been made at different times to place Egyptians of ability in charge of administrative work, but it has been found almost invariably that the work soon becomes disorganized when they are left with any large discretionary power.

On the other hand it has proved advisable to fill most subordinate places with Egyptians, even when they are not quite so efficient as the English. Complaints from English superintendents regarding the inefficiency of their Egyptian assistants are frequent, and one has continually to balance the need of the most efficient work against the desirability of training the Egyptians through administrative experience.

The government finds also that it is very desirable to pay well for ability and honesty. The statement was repeated at different times that one could not expect honesty without paying well for it. In consequence officials in places of responsibility are well paid.

2. *Taxation*.—Owing to the small consuming power of the people, so far as foreign goods are concerned, the import duties are kept low. By far the largest part of the taxes are raised by the land tax, which is levied in the form, speaking broadly, of a tax on rental value.

Lord Cromer lays it down as a principle to be followed in the case of all backward peoples, particularly when they are a subject people likely to be dissatisfied, that the taxes be kept as low as possible, and, if possible, there should be an occasional lowering of the taxes. The tax also should be absolutely certain and not often changed, in order that the people may become accustomed to it and may understand it.

It is much wiser, if one may judge from Egyptian experience, to keep the taxes low than to attempt to make many improvements, even roads and drainage, for the natives at the expense of raising the tax rate. They do not feel the need of many institutions, such as schools, which seem imperative to Europeans, and would consider money spent for them as wasted. Improvements, with the exception of the most important sanitary matters, should be made very slowly rather than to increase the rate of taxation, although education should be steadily encouraged.

3. *Education*.—Within the last few years an effort has been made to develop as rapidly as possible a system of popular education. In Egypt it is found that a very large proportion of the people have the ambition to provide for their children a career in the public services. This tendency is altogether too strong. In one of Lord Cromer's reports we read that the "system of gratuitous education tends in Egypt to turn out from the schools a number of young men who would probably be far happier and far more useful citizens if, instead of endeavoring to rise in the social scale (which usually means looking forward to obtaining a Government clerkship), they had remained in the ranks of the society in which they were born, and had devoted themselves to some useful and honorable trade or handiwork."^a

He continues: "I am glad to say that the department of public instruction recognizes the evils of the gratuitous system, and has, for many years past, endeavored to rectify them. In 1879 no less than 95 per cent of the pupils attending the Government schools paid no fees. Last year 98.5 per cent of the boys in the higher primary schools, and 86 per cent of those in the secondary schools, were paying pupils. I trust that the policy will be steadily continued until the system of gratuitous education is wholly, or almost wholly, abolished."

He advocates also the extension of technical schools with the object of affording instruction in trades and in introducing improved, but not highly elaborate, processes of manufacture. In Egypt the Boulac Technical School, a high-grade trade school, or rather mechanical engineering school, seems to be doing excellent work and to be well patronized. Its graduates have no difficulty in securing positions, either on the railways or in connection with the irrigation system. The agricultural college, strange as it may seem, in a country where agriculture is beyond all question by far the most important industry, does not seem to be well patronized.

In connection with education it is worthy of note that it has been possible to require for entrance into different grades in the civil service pass certificates from either the primary or secondary schools, as

^a Lord Cromer's Report, 1900.

the case may be. This has resulted in improving both the quality of the work in the schools and in securing much better trained men for the civil service.

In Egypt no special effort is made to introduce the English language, although the pupils are sometimes compelled to choose either English or French, since no proper text books exist in Arabic along many lines of instruction. The vernacular, however, is chiefly employed in teaching.

4. *Post-office savings banks.*—The Government is about to establish a system of post-office savings banks, the limit of deposits to be £200 for each individual, the interest to be calculated at $2\frac{1}{2}$ per cent per annum. The deposits will be invested in Egyptian stocks, any benefit coming therefrom being devoted to covering the expense of administration.

The report calls attention to the very successful experience of India in opening post-office savings banks, and expresses the opinion that, even should the system fail in Egypt, the cost to the State will be so small as compared with the benefit which it will derive in the case of success that the experiment may well be tried.

5. *Loans to small cultivators.*^a—One of the most interesting and suggestive experiments made of late years in Egypt is that of providing for the fellahen the opportunity of borrowing small sums of money on reasonable terms. The poor cultivators have, in many cases, been compelled to mortgage their crops, and have thus fallen into the hands of the usurers. In not a few cases they have paid as high as 40 per cent or more, and large numbers of them have lost their property through this practice. The system adopted in Egypt is, in certain particulars, something like the land-bank systems found elsewhere, but the Government has also taken a somewhat active part in connection with the loans, in order to reduce expenses and thus enable the rate of interest to be made somewhat lower than would otherwise be possible. It has been thought best to have the loans made by a private institution that should be interested in seeking out those who needed to borrow and showing to them the terms on which loans could be made. The plan followed is this: The National Bank of Egypt incurs all the financial responsibility, taking all the profits and bearing all the losses. In every district in which operations are undertaken the bank appoints an agent who receives a commission of 1 per cent per annum on any loan that he may make. The agents are placed under the supervision of English inspectors who speak Arabic and understand the habits and customs of the people, and who can thus control the local agents both in the interests of the bank and of the borrower.

The Government steps in when the stage of repayment is reached. The tax gatherers collect the money due to the bank at the same time when the land tax is collected, the bank being thus relieved of all the expense of collection.

“Money^b is advanced at the rate of 10 per cent, of which, as I have already mentioned, 1 per cent goes to the local agents in the form of commission. Of the remaining 9 per cent it is estimated that about

^aThis topic has been treated at some length, as the conditions in our dependencies seem likely to afford a field for the usurers.

^bLord Cromer's Report, 1900, pp. 7-9.

3 per cent goes in covering the expenses of the bank, thus leaving a net profit of 6 per cent, from which, however, bad debts have to be deducted.

"In 1899 operations were undertaken in only one district, that of Belbeis; 2,450 advances, amounting in all to £E.31,500, were made.

"In 1900 the bank extended its operations to ten districts. Quite recently a further extension has taken place. The whole of lower Egypt is now comprised within the sphere of operations. In 1900 9,500 advances, amounting in all to £E.137,781, were made. Of these, 6,213, amounting to an aggregate of £E.36,216, were loans repayable within the year. The remaining 3,287 advances, amounting in all to £E.101,565, were payable in five years. In all the latter cases the loans were made to persons already indebted, their old debts, on which very high rates of interest were charged, being paid off by the bank. The amount that fell due in 1900 was £E.28,122, due from no less than 5,035 borrowers. It is with very special pleasure that I am able to record that the whole of this sum was recovered.

"The bank is now prepared to advance money in small loans up to a maximum amount of £E.250,000. To go further than this will require an increase of capital. I trust that eventually the conditions of the money market will permit the capital of the bank being increased.

"Sir Elwyn Palmer, the governor of the National Bank, who has taken a very special interest in this matter, writes to me as follows:

'The experiment so far has undoubtedly been a success, and the relief afforded to some thousands of fellaheen must have been considerable. The fact that the bank is prepared to advance small sums at a fair rate of interest has, in the districts where the bank is working, caused a fall in the rate usually charged by money lenders, and the fellaheen have indirectly benefited in this way too. In one district the largest money lender left when the bank began operations; in another the bank was regularly boycotted, and it was impossible to find an agent among the people of the district of any standing, they being nearly all money lenders themselves. An outsider had, therefore, to be appointed; he had great difficulty at first, but the people of the district now begin to realize the advantages, and are dealing with the bank.'

"I stated last year that I considered the scheme as an experiment. I am still of the same opinion. Some long time must, in fact, yet elapse before it can be considered as having passed out of the experimental stage. Manifestly, the main danger is that the cultivators, being once free from crushing debt, will use the margin of income they thus obtain to incur fresh debt. That some of them will adopt this procedure is highly probable. That the majority will fall into the same error is very far from being certain. Any opinion on this subject at present can be little more than a matter of conjecture. Lengthened experience alone can show whether, now that the taxes are no longer arbitrary and capricious, and the rights of property are, in fact as well as in name, secured by law, the fellaheen of Egypt will abandon the habits of extravagance of which they have so often been accused, and develop national habits of thrift. I can only speak of my personal opinion, formed after long residence in the country. It is that, under favorable conditions for the exercise of economy, the Egyptian

peasant will probably prove more thrifty than the English, though less so than the French member of a corresponding class of society. I am encouraged in this belief by the following remarks which have been addressed to me by Sir Elwin Palmer. 'There is,' he says, 'nothing to indicate that the fellaheen, once relieved of their onerous debts to the money lenders, are inclined to plunge again into debt, beyond the debt to the bank; indeed, the facility with which the recovery of the loans or installments has been effected would seem to show that this is not the case.'

"However this may be, it is abundantly clear that the experiment, which is one of great interest and importance, is well worthy of a further and prolonged trial.

"Before leaving this subject, I wish to make a few remarks which may be interesting, both because they are illustrative of the practices of the village usurers, and because they may serve to explain the advantages of the conditions now offered to the villagers by the bank.

"I have occasionally heard it stated that 10 per cent is too high a rate of interest to charge, as the fellaheen can often obtain loans at that rate from the local money lenders.

"I have already explained that in order that these operations should be properly conducted, it is necessary to employ a somewhat expensive agency. I am convinced that there could be no greater mistake than to employ very cheap, and, therefore, untrustworthy agents. I do not think that 6 per cent, including bad debts, can be held to be more than a reasonable profit for the bank. Moreover, I greatly doubt whether the fellaheen would confirm the statement that they can, without the assistance of the bank, obtain money at so low a rate as 10 per cent. Even the loans which the small money lenders make nominally at 10 per cent generally involve paying in reality interest at a far higher rate, the reason being that, throughout the currency of the loan, full interest is charged on the total sum originally advanced. No allowance is made for a reduction of interest on account of the annual repayments of portions of the capital. I give an illustration of the two proceedings, viz. that adopted by the bank and that very commonly adopted by the usurers. Suppose the bank to advance £E.100 for five years at 10 per cent, the installments due to the bank would be as follows:

	Capital.	Interest.	Total.
	£ E.	£ E.	£ E.
First year.....	20	10	30
Second year.....	20	8	28
Third year.....	20	6	26
Fourth year.....	20	4	24
Fifth year.....	20	2	22
Total.....	100	30	130

"The borrower would thus, in the course of five years, pay £E.30 for the use of the money advanced to him.

"Under the alternative procedure, he would pay five equal installments of £E.30, making in all £E.150, of which £E.50 would be on account of interest.

"In point of fact, to the fellaheen the bank's charge of £E.30 is

equivalent to a loan contracted from the usurer at 6 per cent, and I do not think that money is ever obtained at so low a rate as this.

"The contracts with the usurers not unfrequently render it difficult for the fellah, who is already indebted, to take advantage of the terms now offered by the bank. A common form of contract is that of a loan of £E.100 for ten years. The yearly installment for repayment of capital and interest is £E.20. Thus, under the procedure I have explained above, in all £E.200 is paid in ten years. Supposing now that, in the course of two years, a fellah has paid £E.40, of which one half would be interest and one half repayment of capital. It might be supposed that, on the payment of £E.80, he would be free from debt. But such is not at all the case. Under the terms of the original contract, he is often debarred from freeing himself unless he pays the difference between £E.200—the total amount which would have been paid in ten years—and £E.40, being the sum he has already paid. In other words, in order to liberate himself, he has to pay £E.160, *minus* discount at the rate of 7 per cent on £E.160. In cases of this sort the bank can be of but little assistance."

6. *Public improvements.*—(a) *Irrigation.*—The most important public improvements made by the government have been in connection with the irrigation system, on which the welfare of Egypt absolutely depends. This matter need not under the circumstances be discussed in detail. It is perhaps enough to say that inasmuch as the tax-paying power of the people depends absolutely and almost entirely on irrigation, it has been found wise for the government to incur very heavy expenses in the way of building dams, canals, etc., for irrigation purposes. It is chiefly due to this policy on the part of the government, connected with an honest and efficient administration, that has enabled it to bring Egypt out from a state of bankruptcy and to place its credit among that of the stable governments of the world.

(b) *Agricultural railways.*—In addition to the ordinary railways owned and administered by the state, partly for economic, partly for military purposes, the government has found it desirable to encourage in some parts of Egypt the building of so-called agricultural roads; that is, inexpensive narrow-gauge roads for the purpose chiefly of aiding the farmers in bringing their products to market. These roads have been undertaken by private companies, of which there are four, one substantially an Egyptian company. The government found it advisable to guarantee a dividend of 3 per cent on the original cost of the lines, estimated at £E.1,200 per kilometer, with the further understanding that if the gross receipts should exceed £E.225 per kilometer the surplus is to be divided between the government and the companies.

Lord Cromer is of the opinion that within a comparatively short time these railways will make a profit of from 4 to $4\frac{1}{2}$ per cent, at any rate, on the capital invested. They have rendered good service to the agricultural population. The cost of transportation of Egyptian products has been greatly diminished and the value of land in their vicinity decidedly increased.

The government also has expended considerable money on cart roads.

(c) *Telegraphs and railways.*—The government telegraphs, with gross receipts of £E.65,000, earned a net revenue of £E.25,000. The net earnings of the state railways were about £E.1,343,000.

Conclusion.—On the whole, the government of Egypt seems to have been administered with very great success so far as the financial conditions of the government itself is concerned and the economic welfare of the people.

Some of the English administrators take the position that while the government is to be administered solely in the interests of the Egyptians, the Egyptians themselves, in many cases, do not know what is best for them. The government is substantially that of a benevolent despotism, the Egyptian officials being compelled to take the advice of the English administrators. It is the practice of Lord Cromer and the other leading administrators to consult freely the more intelligent Egyptians and to take their advice whenever it seems good. On the other hand, the fact that the Egyptians think a policy best is not a sufficient reason for its adoption by the English. The principle followed is "to do what is best for the Egyptians and let them see by experience that they have been well treated."

But again, through the system of education in the schools and through the plan followed of employing Egyptians in administration so far as they are thought to be capable, an effort is made to train the Egyptians so that they may ultimately possibly be capable of self-government.

Some efforts are being also made in the way of giving them additional responsibility by giving minor judicial powers to about 20 per cent of the more intelligent village omdehs (presidents), and by placing over them English inspectors who will be able to put a check to corruption and to make suggestions which will be of service in the way of training.

Some experiments are also being made in municipal government, although these are, as yet, confined mostly to Alexandria (largely a European city), and to some comparatively small powers granted to local officials elsewhere.

On the whole one sees in Egypt, possibly more than in any other of the English or Dutch dependencies, the spirit of earnest effort to improve the intelligence and character of the natives and thus to fit them for self government such as our government is showing in the Philippines.

Chapter VII.

SUMMARY AND CONCLUSION.

I. CURRENCY.

Effect of depreciating currency.—The experience of the English and Dutch colonies during the period of the depreciation of silver from about 1873 to the present time seems to show that a currency which is rapidly depreciating, as compared with gold, tends toward stimulating the export trade and the business of manufacturing for export. This comes about, of course, from the fact that in these colonies the export trade has been mostly with gold-standard countries. In consequence, with a gold price remaining stable, the amount of silver received for the same quantity of goods in the colony was steadily increasing. The wages of laborers and the local cost of material employed in manufacturing being paid in silver, naturally remained more nearly stable. In consequence, manufacturers and exporters received steadily a bounty in addition to what might be considered normal profits. It is, of course, true that the buyers in Europe, recognizing the situation, in certain cases, discounted this advantage in their offers; but, generally speaking, there can be little doubt that the depreciating currency actually stimulated and aided the exporters and manufacturers.

Effect in Sumatra.—Naturally this gain must have been paid by someone. In the case of the tobacco raisers of Sumatra, whose expenses were chiefly for labor, the gain was secured mainly through increasing their silver prices without a corresponding increase in the wages of their coolie laborers. On the other hand, inasmuch as the laborers consumed chiefly goods which were raised in the country itself, not for export, and inasmuch as these prices, largely fixed by custom, did not in many cases go up, they did not feel the loss as they would have done had they been compelled to buy imported goods. Moreover, in many instances, where their goods were imported, as, for example, opium, either this came from silver-standard countries, or else; whenever the price showed a tendency to increase, the tobacco producers, in order to prevent dissatisfaction on the part of their laborers and the consequent possible demand for an increase of wages, sold opium to them at the previous rate, and themselves stood any loss that might come from its increased silver price.

Effects in India.—In India, where wages were largely a matter of custom and where the pay also was at times partly in truck, the laborer usually did not feel any immediate loss from the depreciation of the coin in which he was paid. In that country the sufferers were chiefly government officials and others whose salaries were fixed in terms of

silver rupees, but who had to consume in part imported goods, or who were compelled to make remittances to gold-standard countries.

With these classes should of course be classed the government itself, which, being heavily in debt to gold creditors in England, was compelled to remit from year to year a steadily increasing amount of silver or of silver credits, as that currency depreciated. The determination to fix the rate of exchange in India came about, of course, mainly from this necessity of the government itself. The result of fixing the rate of exchange with gold has been the relief of the government and of those who are compelled to live, to a considerable extent, upon imported or export goods, while it has taken away from the exporters and manufacturers and producers of export goods the stimulus which they were continually receiving before. So far as in fixing the rate of exchange there was an increase in the value of silver, that has come, of course, nominally at any rate, to the detriment of practically all Indian consumers and taxpayers. But, on the whole, it is probable that, as they consume largely Indian products, this has not been materially felt by them.

Conclusions from experience.—It would seem, therefore, that if a country is upon a silver standard it might be well to maintain that standard if one wished to stimulate the internal development of the country in the matter of export goods, and were also willing that those who consumed import goods and the laborers, so far as they had the opportunity of getting either import goods or of securing gold credits of any kind, should carry the burden, unless the evils that are likely to come from the fluctuation of currency would seem to overbalance.

It is a matter of doubt, however, at the present time whether silver is likely to depreciate any further. Many people have been of the opinion that, owing to the new gold discoveries and to the probable increase in the output of gold in South Africa since the close of the Boer war, silver will be likely to increase in value rather than to lessen as compared with gold. Should that occur, this stimulus spoken of would be changed into a drag upon progress.

The matter of stimulating the export trade also depends, to a considerable extent, upon the countries to which the exports are sent. If these are silver countries, the effect will not be felt. A country, therefore, might well consider whether it wished to stimulate trade with the gold countries or with silver countries before finally formulating its policy.

CONCLUSIONS REGARDING THE PHILIPPINES.

To apply, now, this experience to the situation in the Philippines:

Effects of depreciating standard.—While it is desired on the part of the American Government to develop as rapidly as is consistent with just treatment of the Filipinos the resources of the Philippine Islands, it is by no means the desire to do so at the expense of either the Filipino laborers or the local Filipino producers, who would receive their pay in silver. At present the hemp plantations are largely in the hands of small individual holders, who sell their product to the exporting houses, mainly English, for shipment to the chief importing countries, England and the United States, both of which are on the gold basis. The gain that would come from a fall in the rate of

exchange would naturally be kept chiefly by these European or American exporters, and the Filipino producer would receive little or none of it. Even if he were to receive some slight gain through an increased silver price, he is certain to wish to consume more or less—and continually more as time goes on—of imported goods. At present he uses some cotton, but as his income improves he will certainly use more in the way of tools, agricultural implements, and other articles of import. In all these matters, therefore, he would be losing if silver continues to depreciate; and, taking the matter as a whole, it is likely that the chief gain, if there were any gain, would come not to the Filipino, but to the American or European go-between.

In the case of the large sugar plantations, the gain would come also to the exporting merchant, or later possibly to the individual or corporation owning the large plantation. The burden would fall upon the laborers, who, at the present time, are mostly Filipinos. If Chinese coolie labor were admitted, and the Filipinos engaged in other labor, it would be the Chinese coolies chiefly, in this industry, who would carry the burden, and more, then, might be said in favor of the maintenance of a silver standard.

Effects of fluctuations.—On the other hand, as has been intimated, it is by no means certain that silver will depreciate steadily in the future. Moreover, it is perfectly certain that great embarrassments will come both to business men and to the government from the continually fluctuating currency. During the three months of the spring of this year the government had fixed the official rate of exchange between silver and gold at \$2.27 in silver for one American gold dollar. The rate at the time it was fixed was high enough. A rapid fall in silver, however, placed the market rate at considerably above \$2.30; most of the time it was as high as \$2.35 or \$2.36, and at times was even above \$2.40. The consequence was that all government officials and all who had contracts with the government were compelled to receive money at \$2.27, while in their outside purchases they were compelled to pay from \$2.35 to \$2.40. Practically all of the leading business houses in Manila at once changed their prices from the silver basis to the gold, and in making the exchange naturally took advantage of the consumer. Wage-earners in general, whose wages had been fixed in silver, were compelled to take their pay in that metal, and suffered accordingly.

Difficulties of government.—To the suggestion that the government change the rate more frequently whenever the market rate changes, the important objection is, aside from the hampering effect on business, that it is practically a matter of great difficulty for the government treasury officials to make these frequent changes in their rates. Many of the officials in outlying districts can not be communicated with oftener than once a month, or even once in two months in some cases, and a change made in Manila on, say, the 1st of September, if attempts were made to make adjustments, might cause two months afterwards, in some outlying province, a payment of additions to salaries not fully paid, or might involve the cutting of a subsequent salary in order to make even the government loss of the preceding months. It might even in special cases involve a practically impossible attempt on the part of the government to collect back money already paid out. If the prospect of gain to the common man were great, we might readily demand that the government take upon itself the trouble in-

volved in the fluctuating rate; but as such gain is not probable, inasmuch as at the present time nothing can be more important than for the government to run with as little friction as possible, and to avoid all possible causes of controversy with the people, it seems of the highest importance that the government be spared the difficulties of the fluctuating rate.

Encouragement of commerce with United States.—It is clearly best, also, when one looks to the future development of the Philippines, that its commerce with the United States be encouraged. This can be brought about, beyond question, on a more stable basis provided the rates of exchange between the Philippines and the United States be substantially fixed, fluctuating only with the demands of business.

For all these reasons therefore, it seems on the whole best that the Filipinos be given a fixed rate of exchange for their currency as compared with the gold standard of the United States.

Nature of currency desired.—It is, however, desirable, whenever any country is to establish a new system of currency, that the value of the coins most common in circulation be changed as little as possible. The wages of labor and prices already fixed are to a considerable extent matters of custom. If a monetary unit is introduced of considerably more value than the one abandoned, it will be necessary to make a nominal reduction of wages and of prices. The consequence is that laborers and less well-informed sellers of produce will feel that their income is being arbitrarily lessened, and great dissatisfaction is almost certain to be the result. One can easily see how a sudden action of that kind on the part of a government might produce even a revolution among people not well informed on monetary matters.

If the new currency, however, is one whose monetary unit is substantially the same or only a trifle higher than the one already employed no evil result of this kind will follow. There might even be a slight increase in the value of the monetary unit which would come to the benefit of the wage-earners and the local producers.

The system of currency recommended in the first place by the Philippine Commission, and afterwards formulated more completely by Mr. Conant, special commissioner of the War Department, follows out this principle. The new coin would be substantially equal in value to the Mexican dollar or peso formerly in use. It would, in fact, be slightly greater in value in the world's markets since this last fall in silver. It is probable, however, that the difference would not be great enough so that there would be any nominal reduction in wages, or, speaking generally, in the prices of produce.

It seems, therefore, that the wisest plan for the United States, if it intends to act in the interest of the native Filipinos and not exclusively in the interests of the comparatively few exporters and bankers, is to adopt the gold standard and to adopt the system of coinage recommended, which will produce as little disturbance in local conditions as any that has been proposed. It is extremely unfortunate that the system could not have been adopted before the last fall in silver, as in that case practically no disturbance whatever would have been noticed.

Present measures.—Meanwhile, without the gold standard, the Philippine government can, perhaps, relieve part of the embarrassments of its employees by keeping a balance in the United States, and selling to them substantially at the rate in which they are paid whatever drafts they need for remittances home; or, in many cases, the same result

might be accomplished more speedily by permitting them to have part of their salaries paid in gold to a designated representative in the United States.

If it were desired to fix the rate of exchange without abandoning the use of silver as the chief money of the Philippines, a plan might be adopted of arranging, through bureaus established for the purpose, for the sale in Manila of gold drafts on the United States and in the United States of silver drafts on Manila, at substantially the agreed upon ratio, somewhat after the plan recommended for India by Mr. Lindsay, of the Bank of Bengal, in Calcutta.^a There is reason to believe that such a system would work to advantage in many ways, especially in connection with the plan for the currency recommended if it were thought desirable to encourage the use of silver.

II. LABOR.

Imported labor in the Orient.—In both the English and Dutch colonies of the Orient, the governments have felt the need of developing as rapidly as possible the resources of the countries. It has been felt that this development is as much in the interests of the native inhabitants as of the governing country. Wherever the population has been dense, as in Java, southern India, and many parts of central and northern India, the governments have depended entirely upon the native inhabitants for carrying out the work of development. In other places it has been found best to make provision for the importation of coolie laborers.

In Burma and Assam, as well as in Ceylon, employers, under suitable laws made by the colonial and Indian governments, have relied upon Indian coolie labor, the laborers coming mainly from southeastern India in the neighborhood of Madras into Ceylon and Burma, while the need of the planters in Assam have been supplied mainly from regions in India lying farther north.

In Burma, where there is no restriction upon immigration, there are found also a goodly number of Chinese. These, however, with rare exceptions, either engage in mercantile pursuits or are skilled workmen—carpenters, shoemakers, etc. In all these countries, as we have seen, the chief care of the Government has been to protect the interests of the imported laborers and to give whatever encouragement was possible to their importation.

In the Federated Malay States for the opening and development of the tin mines, the chief reliance has been upon Chinese laborers. There seems to be no doubt that without Chinese labor these most prosperous Malay States would have remained in a much more backward condition. Since the wages paid in the tin mines are, relatively speaking, high, and the Chinese, the better miners, go into that work, these States have been compelled to secure labor for development of their agricultural interests chiefly from India.

In East Sumatra, where the chief industry is tobacco growing, and in other parts of Sumatra where mining is the prominent industry and where the native population is altogether too small to perform the amount of work required, and is also disinclined toward severe labor, the employers have relied upon the importation of Chinese.

^a See chapter on Currency Systems, p. 19ff.

Effects of imported labor.—In all of the countries mentioned above it is practically the universal testimony that the importation of Indian or Chinese labor has not been, on the whole, to the detriment of the native peoples, and speaking generally there is no hostile feeling between the natives and the imported laborers. Objection is made sometimes to the Chinese merchant or peddler in the villages. In Burma the native Burmans are disinclined to do the heavy labor required. In the rice mills the Burman is often found as bookkeeper, or as superintendent of certain departments of the work under the general supervision of the English or Scotch manager. At certain seasons of the year, when the Indian coolie can get somewhat higher wages in the rice fields and leaves the mills, the native Burman will, by exception, do the heavy work about the rice mills, but only on condition that he receives from two to four times the wages regularly paid to the Indian coolie.

The prosperous condition of the country, brought about by the work of the Indian coolie and of the Chinese skilled laborer, seems nevertheless to come in part to the benefit of the native Burman. In many cases he is a landholder and receives better prices for his crops, especially the garden truck, than would otherwise be possible. Likewise in many instances he is a successful fisherman, and his market has been increased. In the prosperous cities, such as Rangoon and Moulmein, the hundreds of drivers of gharries and carriages are nearly all Burmans, while to them also come in good part the tasks of keeping books, drafting maps, making surveys, and the numerous other kinds of semiskilled work which usually accompanies a developing business and an increasing population.

Similar results seem to be found in the Federated Malay States, the Straits Settlements, and Sumatra. The native Malays will not do the heavy labor. They would much prefer that the country remain undeveloped. But the increased population and the developing business have created a much greater demand for their services as boatmen, clerks, drivers, etc., as well as for the products of their lands and their fisheries. Certainly in all those countries the natives are better off than before the immigrant laborers came.

Work of Chinese merchants.—In the Straits Settlements and the Federated States, however, where the Chinese are allowed to come freely, and, as soon as their contracts for labor are fulfilled, to engage in whatever occupation suits them, we find many Chinese merchants, shopkeepers, and peddlers. They are thrifty, keen at a bargain, and observant of the weaknesses of their fellow-men. They soon learn the Malay love for display and carelessness of the future. In consequence they are ready to furnish to him gay clothing, provisions, anything that he wishes to gratify his desires; and they make no objection to giving satisfactory terms of credit. The consequence is that in many localities the Chinese shopkeeper has a large proportion of the simple-minded Malays in his debt, and gradually becomes the wealthy man of the village, with almost absolute power of domination over a large proportion of his neighbors.

A somewhat similar situation is found in Java, although there, on account of the density of the population, the Chinese are not allowed to come in large numbers to do the ordinary coolie work. Long experience has also taught the Dutch Government that the Javanese

will be overreached in a bargain by the more crafty Chinamen if they are allowed to come in contact. In consequence the Chinese skilled laborers and merchants are carefully restricted to the towns in which they are placed and are not allowed to wander through the island at all. If their business needs require them to pass from place to place, they must secure a permit from the government and must report to the government officials of the towns through which they go and of the place of their destination when they arrive. In this way, outside of the larger towns, the more simple-minded Javanese of the rural districts are protected against their own weaknesses and are kept out of debt to the Chinamen. How do these experiences apply to our problem?

THE PHILIPPINES.

Conditions in the Philippines.—In the Philippines at the present time there is a great scarcity of labor. Since the American occupation wages for domestic servants, coachmen, and clerks, as well as for common unskilled laborers, have doubled and trebled, and in many cases it is simply impossible to get the work done at any price. It is a common experience in Manila to wait for hours before one can secure a public carriage of any description, good or bad, to drive from one part of the city to another; and similar unpleasant experiences in connection with house servants and workmen of all descriptions are usual.

Speaking generally, the unskilled Filipino laborer, while intelligent enough, is careless and thriftless. He in most cases wishes to take two or three days a week on the average to celebrate as feast days. In individual cases, when his wages have been increased, he has been known to lessen correspondingly the number of days per month which he would work. His income being sufficient to satisfy his modest needs, he could see no reason why he should toil longer than was necessary to earn his income.

These general statements, however, are subject to certain exceptions and qualifications, which are often not mentioned. One of the largest government employers of labor in Manila, who needed some two hundred coolies to carry boxes and heavy freight on the wharves and about the city, stated that he had succeeded by a process of elimination in getting the required number of men who would work steadily throughout the week without taking feast days and without making more trouble than one would expect from unskilled American laborers. To secure this number of about two hundred picked men, however, he had employed from a thousand to twelve hundred, had paid good wages, and had discharged those from time to time who were not willing to do the regular work required. It is, then, possibly fair to say that of the ordinary Filipino laborers a certain percentage may be secured who will work faithfully and well provided good wages are paid and provided they are handled by an employer with firmness and skill.

There are, however, not enough Filipinos who can be secured in the city or from the provinces to do anything like the amount of work required to develop the resources of the islands as rapidly as is desirable. Doubtless some of the American and European employers of labor in Manila who are raising the greatest outcry regarding the scarcity and worthlessness of Filipino labor, and who are demanding

that the Chinese be admitted, are wishing mainly to cut down wages and secure cheap labor. To assume that this desire, however, is the only one which leads to the demand for Chinese labor is to misjudge the facts. Wages at the present time in certain lines of industry are so high that it would be impossible to compete in a common market with Hongkong, Singapore, or other cities, with whose goods the Philippines must enter into competition. What is desirable is to secure enough labor at rates high enough to enable the laborers to improve decidedly their customary standard of living, and at the same time not so high that the Philippines will be shut out from successful competition from other oriental countries and decidedly impeded in their normal development.

Suggestion of admission of Chinese under restrictions.—To bring about these results it seems to be necessary to admit under careful restrictions a certain number of Chinese laborers. Such admission, if one may judge from the experience of the other oriental countries, will result in a benefit to the native Filipinos as well as to the Americans and Europeans who send their capital thither for investment.

The thousands of Chinese now in the islands are mostly shopkeepers in Manila and other large towns, and skilled laborers—carpenters, shoemakers, tailors, etc. They, like the Chinese everywhere, are diligent and frugal. As shopkeepers they make large profits out of the frequently thriftless Filipinos. Their virtues of diligence and frugality, combined with their unscrupulousness, make them somewhat dangerous neighbors for the less wily and less provident Filipino. For the sake of the Filipinos, for whose benefit Congress has declared that the government shall be administered,^a the Chinaman ought to be restricted in his movements and work. But likewise for the sake of the poorer Filipino, as well as for that of the American or Filipino capitalist, Chinese labor ought to be admitted to the islands in order that capital may be profitably employed, for without this introduction of capital the Philippines can not be properly developed. In his testimony before the House Committee on Insular Affairs, March 3, 1902, Judge Taft called attention to an important firm of ship-builders which was ready to build a large establishment on Manila Bay, provided that Chinese skilled laborers could be brought in. Filipinos might doubtless in most such cases be employed as apprentices.

A successful tobacco planter of Sumatra a year or two ago started for the Philippines with the expectation of working a large tobacco plantation. On reaching Hongkong he visited the American consul and from him learned that Chinese labor could not be introduced. From his experience with both Malay and Chinese labor in Sumatra he was convinced that the business could not at first be profitably carried on without Chinese laborers. He therefore, without even visiting the Philippines, abandoned the project and retraced his steps to Sumatra.

Even the Philippine government has had the greatest difficulty in securing labor to build a much-needed road to the health resort in Benguet, while both the government and private employers in connection with harbor improvements, with the loading and unloading of ships, and in other ways have found themselves very seriously hampered, no matter what wages they were ready to pay.

^aAct of July 1, 1902.

RECOMMENDATIONS.

For these reasons, therefore, it is recommended—

That the Philippine Commission be empowered to legislate regarding the admission of Chinese labor.

That a careful registration be made of every Chinaman in the islands, and that any new Chinaman introduced into the islands be made subject to a penalty if he is found away from his registered city or district of residence.

That it be permitted employers of not less than, say, twenty-five laborers to bring in Chinese under contract for a period of not over three years.

That these employers give bonds to secure the proper lodging, food, and treatment of their Chinese laborers, as well as for their security and employment at the work specified in the contract.

That they further be under bonds to return each imported Chinese coolie to China at the expiration of the period of the contract, unless in the meantime the contract is renewed under the special permission of the government granted separately in each case.

That there be appointed by the governor of the Philippines an inspector or protector of the Chinese to see that the law is rigidly enforced, both as regards the proper care of the Chinese coolie and as regards the protection of the Filipinos and others against evasion of the contract by the coolie absconding and going elsewhere in the islands as a regular inhabitant; and, finally,

That, while the present law excluding Chinese from the Philippines be modified as indicated, proper care be taken that the Chinese do not come from the Philippines into the United States.

It is believed that such a measure would result, with here and there an individual exception, not at all to the disadvantage of the native Filipino, but in the long run decidedly to his benefit through improved business conditions in the islands, which would furnish to him not merely a better market for his produce, but also a better opportunity for engaging in the kind of work for which he is best fitted and which accords most closely with his tastes. The development of business in the islands would increase greatly the demand for stenographers, telegraphers, drivers of horses, boatmen, etc., as well as for draftsmen, clerks, and employees of various kinds in the government service and in the service of the larger business houses.

III. TAXATION AND LAND ADMINISTRATION.

Customs duties.—The experiences of the other countries under consideration have little to contribute on the subject of customs duties. The experiences of the Straits Settlements and of Hongkong show in increase of trade the beneficial effects of the abandonment of customs duties entirely in ports which are mere entrepôts, and which do not expect to use duties in any way to aid in the development of a country. Owing to the favorable situation of the Philippines as well as to the advantage derived from their production of such staple articles as hemp, sugar, copra, and tobacco, it may well be that when other sources of revenue can be successfully established the import duties should be revised with the deliberate intention of so fostering com-

merce that Manila will become a rival on equal terms with Hongkong and Singapore. For the present, however, the import duties are necessary and seem to have been very wisely framed.

The experience of the Federated Malay States, which are extremely fortunate in having so large a proportion of the productive tin mines of the world that they have the substantial benefit of monopoly, shows the advantage of an export duty under those special circumstances, in which the element of monopoly enables these States to get a large proportion of their income paid by foreigners.

It is possibly the case that the Manila hemp possesses enough of the monopoly element so that the export duty levied on that article is practically contributed by the foreign consumers, with little, if any, sacrifice on the part of the hemp growers. The other export duties are chiefly defensible on the ground of need for revenue.

Opium revenue.—The opium admitted into the Philippines for the use of the Chinese should yield a large revenue, and if the example of other oriental countries is followed, a very large revenue will be secured from at least this one of the “vices of the Chinaman.” This revenue, as we have seen, is sometimes collected directly through import duties and licenses, more frequently through the intervention of a Chinaman as farmer, who pays the Government a lump sum for the opium farm, and then collects the duty and license dues for his own pocket under the regulations of the law. The experience of most developing countries has been to the effect that the system of farming out revenue duties is subject to grave abuses, especially against the taxpayers. But it seems to be the common experience in oriental countries that, owing to the difficulties of dealing with the Chinese, with their peculiar habits and extremely difficult language, the revenue system in connection with opium is not likely to be efficiently managed excepting through a farm.

LAND TAX AND LAND TENURE.

Importance of land tenure.—Of much greater consequence in the long run than either of the matters mentioned above is the land tax, because the question of the land tax involves the whole subject of land tenure, the question which possibly for the Filipino is the most important. It may readily involve for him the question of independent prosperity or tenancy under conditions little better than serfdom.

One should not overlook the fact that the question of the tenure of land is entirely different in an oriental country, with a people not skilled in legal technicalities or accustomed to bargaining with Europeans or Americans, and especially with a people inclined to seize the present pleasure and to forget the possible ills of the future, from the same question in a country like our West, where our pioneers were fairly equal in training and native ability, and were as a rule reasonably thrifty.

But even in the United States, as we know, although our homestead and public-land laws have worked well in the way of developing the country, there have been many abuses. Many homesteads ultimately went into the hands of shrewd speculators and great corporations which were intended to remain in the hands of working farmers. In many cases, too, our land system permitted fraudulent speculations in booming towns, at times resulting in wealth to a few through widespread loss and discouragement of the many.

Form of land tax in the Orient.—In all British and Dutch oriental colonies it is customary for the land tax to be in the form of a rent, amounting to a certain percentage of the average annual crop. In most cases this system has in some form or other come down from ancient times, but in certain instances it is the outgrowth of experience.

Land tenure in India.—It has been found best, speaking generally, for the government to retain the title to the land and to lease it to the landholders. The leases or grants are ordinarily perpetual, so long as the lessee pays the regular tax and meets the other conditions laid down; but the government generally retains the right of revision of the rental at regular intervals, most frequently at periods of about thirty years. In some cases, especially when a settlement has first been made, the rental is revised after ten or fifteen years. On the other hand, in Bengal and in some other localities in India, and in exceptional circumstances in some of the other countries where it has been thought especially desirable to attract capital, the rental has been made perpetual, the government surrendering the right of revision. Inasmuch as the leases may be transferable, such a grant without right of revision amounts practically to the granting of a title in fee simple. This form of lease, however, in Bengal particularly, as well as in some other instances, has been found exceedingly troublesome to the government, and practically no Indian administrator recommends the general disposition of public land on any such terms.

Land tenure in Java.—In Java, where in the earlier part of this century the government sold some of its public lands, the experiences have proved unfortunate. The native Javanese being somewhat thriftless, it has been possible for the Chinese and for some Europeans to gather together very large estates in single hands, on which the native Javanese must work as tenants under sometimes very severe conditions laid down by the landlords. These unfortunate experiences with the Javanese have led the Dutch Government of late years to consider seriously, though as yet without any action, the advisability of buying up these great landlords' estates, as we have been compelled to consider the need of buying the friars' lands. It has, besides, prescribed with considerable minuteness the terms under which the Javanese shall be permitted to lease their lands to Europeans. Such provisions are intended both to prevent the soil from becoming exhausted and to secure to the native Javanese the use of his land often enough so that he will not be deprived of food; otherwise he would at times take a money rent for a period of years in advance, spend it all, and then become a burden upon either his neighbors or the public in order to keep from starving. The Dutch Government has also found it necessary to forbid absolutely the native Javanese to sell their lands either to Europeans or to the Chinese, unless special permission is granted in exceptional cases by the Dutch resident.

SUGGESTIONS REGARDING THE PHILIPPINES.

In the Philippines, if we are to guard the interests of the native Filipino, it will doubtless be necessary for us to adopt measures quite different from those which have been employed in the United States. The more intelligent and prudent of the Filipinos say that one of their chief fears from American rule is that in the course of time the Amer-

ican speculator and business man will succeed in depriving the less thrifty and less farsighted Filipino of his possession of the soil.

Congress has already on this subject made wise provision by instructing the Philippine Commission—

First. To secure a careful survey and classification of the land in order to determine both the boundaries of all private land claims and the nature of the soil, with its availability for various uses.

Second. To make regulations and prescribe terms for perfecting titles, so that the native inhabitants of the islands may secure lands on easy terms, and may have preference over others.

It is probable that in addition, unless it already has the power under the general terms of the act of July 1, 1902—

Third. The Commission should be given the power to regulate the terms of the leases of their lands which the Filipinos might wish to make to Americans and Europeans, and that no leases or sales by the natives to such parties should be valid unless they are made in the presence of local government officials, who can explain the terms in detail to the parties concerned, and who are empowered to give or refuse consent to the bargain. This power should be in the hands of the provincial authorities.

Beyond question this is a grant of large and possibly somewhat dangerous discretionary authority, but the provincial board is composed usually of one native Filipino, chosen by the inhabitants of the province, and of two Americans, appointed by the governor on merit. In most cases the composition of the board is such as to prevent any corrupt practices, and the regulations laid down by the Commission, together with the experience which would be rapidly gathered, would soon furnish a body of rules which would prevent hardship and insure uniformity of action. The more intelligent and thrifty Filipinos, as well as Americans, would not be unduly hampered in the exercise of their privileges, whereas the less thrifty and more ignorant ones would be protected. The best informed Filipinos favor such restrictions.

Fourth. The government has already made careful provisions for the preservation of the forest lands and for their satisfactory use. Somewhat similar provisions would be wise regarding the agricultural lands owned by the government. It would probably be best for the Philippine Commission, in the exercise of the powers apparently granted in section 13 of the act of July 1, 1902, instead of selling these lands in fee simple, to lease them, with the right of revising the rental at somewhat long intervals—say, twenty-five or thirty years. This would give a source of revenue which is flexible and which may be made small or large with comparatively little difficulty as occasion demands. Under most circumstances it would probably enable the thrifty Filipino or the American settler to obtain his land with little or no outlay of capital, whereas it would also enable the government in cases of exceptional valuable land, as in villages or valuable hotel sites, to secure what the land was worth by adding to the annual lease a premium to be paid at once, the amount of which might be determined either by the government itself or by auction.

In securing the investment of larger sums of capital for the development of large sugar, tobacco, or hemp plantations, as contemplated in section 15 of the above-named act, the government might advantageously grant on very favorable terms to corporations or individuals

large tracts of land; but in this case also oriental experience favors leasing for suitable periods, with the right of revising the rental at the end of the period.

Besides the wise proviso of the present law—that the grant should be conditioned on actual and continued occupancy, improvement, and cultivation of not less than five years, with the provision forbidding alienation or incumbrance of the land during that period—another might with advantage be added, to the effect that noncultivation, except of small pieces devoted actively to some use supplemental to the regular cultivation, should be considered abandonment of the land, and that three years' abandonment would forfeit the land to the State, even though the rental had been regularly paid.

It is extremely important that provisions somewhat of the nature indicated above should secure to the government and to the Filipinos the satisfactory use of the lands, both public and private, and that while legitimate investors for productive purposes should be encouraged, the enormous gains of land speculators should be prevented. Such regulations might quite possibly stifle somewhat the hazardous and injurious enterprise of land booms and town-lot speculations, but the Commission would beyond question be able to make terms which would give sufficient encouragement to capital seeking legitimate investment, but which would also protect both the government's interests, present and future, and the welfare of the Filipinos.

Fifth. It is probable that, owing to the nature of the crops and to the character of the landholders, the land tax or rent would better be in the form of a certain percentage of the average annual crop commuted into terms of cash than in a percentage of the value of the land. This system, especially for most tropical countries, is more nearly accurate and equitable. The experiences of the other oriental countries considered, and the methods employed by them, will prove very suggestive in preparing such regulations.

Sixth. The Torrens system of registration of land is beyond doubt best and will probably be adopted.

Seventh. Owing partly to the devastation of war, partly to the ravages of the rinderpest which destroyed in certain localities nearly all of the cattle employed on the land, the farmers are seriously hampered in tilling their lands. It seems extremely desirable that some method be found to enable them to purchase needed stock and agricultural implements.

The Indian government has found it desirable in many sections to make agricultural loans to farmers to enable them to make purchases of the nature indicated. The loans are made through local revenue officials and the interest and capital are likewise collected by government officials.

In Egypt, as will be seen in the brief chapter on that country, the Government finding itself seriously hampered for capital, made arrangements with the National Bank of Egypt to advance money for similar purposes, while the Government supervises the loans and collects the interest and the principal through the revenue officials. Both the bank and the people profit by the arrangements, while the Government, keeping rigid control through its officials, prevents undue exploitation of the farmers.

In all such countries a chief danger is that the farmers will fall into the hands of unscrupulous usurers who will loan them money at ruin-

ous rates, and who, through mortgages on their crops and property, will bring them into legal subjection not much better than slavery.

It would seem wise if, in connection with the land and revenue administration, our Philippine government could find it practicable either directly to make loans to farmers for needed purposes on reasonable terms, or could arrange with private capitalists or banks, as recommended by the Commission, and in Mr. Conant's report on money and banking, to make such loans under government supervision and in part with government aid. The poorer inhabitants in these countries in many cases prefer to pay much higher rates to private usurers than to deal through government officials, because such money lenders, especially the Chinese, are likely to be very liberal in the way of extending loans from year to year, and thus strengthening their hold upon the people while apparently treating them with the greatest consideration. Government officials in making loans, or large banks which work under regular system, should of course have this in mind; and regulations while necessarily somewhat strict should, if possible, be administered with a certain degree of flexibility so as to avoid undue hardship in cases of misfortune.

IV. POLICE.

A study of the police systems of the oriental countries, especially the military police corresponding to our Philippine constabulary, is interesting, but it has comparatively little new to suggest for the improvement of our constabulary. That body has been, on the whole, so efficiently organized and so well directed that, while an expert could doubtless gather suggestions in minor points from these other countries, no important modification seems necessary.

Need of knowledge of local dialects.—It is extremely desirable, however, that our American officers in charge of the constabulary should make themselves familiar as rapidly as possible with not merely the Spanish language, but also with the local dialects in the localities in which they serve. Not merely should certain rewards in the nature either of prizes or of an increase in salary be granted—a plan which has already been started—but it seems essential that, comparatively soon, appointments should be made dependent upon such knowledge, and that promotions should not be granted without it. The constabulary particularly will do its work in the most efficient way if the officials can come into personal contact in a somewhat familiar way with the inhabitants of all classes of the community. Such intimate relationship can not be secured without a knowledge of the language, and the experiences of the other countries studied seems to make it clear that such knowledge can be comparatively easily secured along the lines indicated.

Identification of criminals.—The constabulary has already organized a very efficient detective service, and much emphasis is placed upon keeping the records of criminals, so that when one is captured it can readily be ascertained whether or not he is an old offender, with his record already in the hands of the police. The prompt identification of such habitual criminals is of very great importance, but it is extremely difficult to keep a set of records so classified and indexed that, after a period of some years has elapsed, the personal characteristics of an unknown criminal just arrested can be found in the records and the man identified without a long search which often proves absolutely unsatisfactory.

The experiences of the English colonies of Hongkong, Singapore and the other Straits Settlements, Burma, and others, where the system of identification is by finger marks, seem to show that system to be by far the most satisfactory that has yet been found, not merely as regards certainty of identification, but especially as regards the ease of classification and the readiness and speed with which any set of finger marks can be traced throughout a large collection of thousands and readily identified. It would seem desirable that our constabulary and police in the Philippines adopt the best methods available for the purpose of tracing criminals, and unless the system has already been thoroughly investigated, it would seem wise that such investigation be promptly made with reference to its possible adoption.

Methods of dealing with brigandage.—Some of the countries visited have found it desirable, in the interests of the public peace, without banishing from the country undesirable characters, to remove them from the scenes of their criminal exploits and to locate them among strangers in remote sections.

In Burma, the Straits Settlements and Federated Malay States there still remain numerous bands of robbers or brigands similar to those found in the Philippines. Besides the usual measures of patrolling roads and arresting and punishing criminals when caught, it has at times been found very effective to hold villages as a whole responsible for the criminal acts of robbers when there was reason to believe that the village, or many of the villagers, were harboring or aiding the criminals.

Sometimes the villages are fined heavily; sometimes they are punished by quartering police upon them at their expense. To offset these punitive measures money rewards are sometimes paid to villages that have shown unusually praiseworthy diligence in hunting down brigands and bringing them to justice.

Need of using native customs, etc.—While it is probable that few, if any, of these latter methods would be found advisable for use by our constabulary, still they are extremely suggestive as methods of dealing with semicivilized peoples in accordance with long-established customs and institutions which they understand. Our constabulary would certainly do well likewise to make careful study of native habits and institutions in order to see what ones can be used to further the ends of good government without doing violence to the higher ideals of civilized peoples.

Beyond question, if the Philippine constabulary is to be a permanent and efficient force, much will be gained by establishing regular systems of pensions and rewards for long and meritorious service.

Aside from these minor matters, part of which are already in force, no other suggestions of importance from the experience of the countries visited are to be offered for improvement of the already splendid force of the constabulary of the Philippines.

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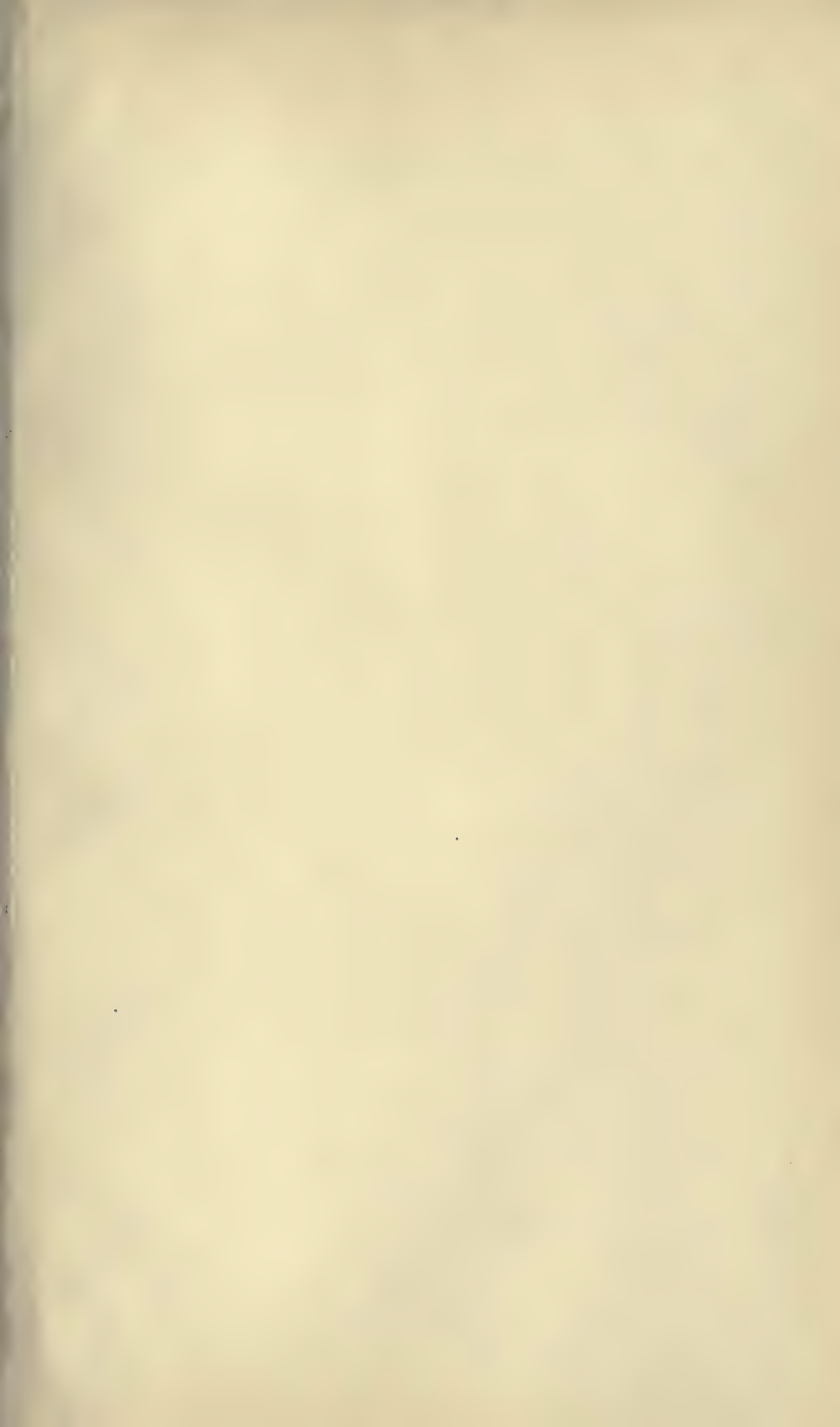
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